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The Global Newspaper
Edited and Published in Paris
Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, New York, Rome, Tokyo, Frankfurt.

International Herald Tribune

Published With The New York Times and The Washington Post

No. 33,542 52/90 ** PARIS, SATURDAY-SUNDAY, DECEMBER 29-30, 1990 ESTABLISHED 1887

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U.S. Message: Attack Quickly If Jan. 15 Deadline Is Ignored

Bush Is Said To See Risk In a Delay

By Jack Nelson
Los Angeles Times Service

WASHINGTON — President George Bush, after weighing the political and military consequences of further delay, has decided that the United States should move quickly to launch a massive military attack on Iraqi forces if Iraq fails to withdraw from Kuwait by the United Nations-imposed deadline of Jan. 15, senior government officials said.

Neither congressional nor public sentiment on the issue of launching a military offensive will affect Mr. Bush's determination to proceed because he believes that delaying an attack much beyond the deadline would increase the number of U.S. casualties, two officials involved with Mr. Bush in Gulf strategy said.

"He's thought about all that, and he's comfortable with his decision," one official said. "He said he's prepared to take whatever the consequences may be, including if it's an unpopular war and makes him a one-term president."

The officials said Mr. Bush realized that a war with the Iraqi Army could last at least a month and probably cause tens of thousands of Iraqi casualties and perhaps thousands of American lives.

But they said the president and his aides believed that the American public would support the war as long as the United States scored a decisive victory and the number of American casualties was relatively low.

The disclosures by the officials came in the face of growing sentiment in Congress, especially among Democrats, to delay any military offensive for several months or even longer beyond the Jan. 15 deadline in hope that economic sanctions imposed against Iraq after its Aug. 2 invasion of Kuwait would ultimately force the Iraqis to withdraw.

On Thursday, 110 House Democrats, led by Representative George Miller of California, sent Mr. Bush a letter urging him to allow more time for the sanctions to work.

Recent newspaper reports have suggested that the White House is preparing to put off any attack against Iraqi troops and installations after warnings by top U.S. military strategists that American troops would not be fully prepared for war by Jan. 15.

Several military officials have told reporters that the United States will not be fully ready for war until about mid-February because the total deployment of troops and equipment assigned to the region will not be in place until then.

Similar views from military officials were passed on to Mr. Bush by Secretary of Defense Dick Cheney and General Colin L. Powell, chairman of the Joint Chiefs of Staff, during a closed-door briefing after their recent visit with U.S. forces in the Gulf.

But senior U.S. officials contradicted that view, saying Mr. Bush believes that he has already given sanctions enough time and that he has no interest in delaying a military showdown after the deadline.

Although one official said Mr. Bush realized that a decision to attack soon after Jan. 15 would be contrary to the U.S. tradition of exhausting all means of negotiations for a peaceful settlement before going to war, another official said, "I think the president can make a pretty good case that he has exhausted all rational efforts to settle this diplomatically and he has been rebuffed."

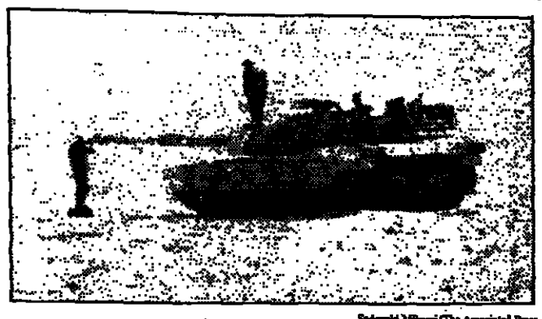
As the deadline has drawn nearer, Mr. Bush, Mr. Cheney and other American officials, in what appears to be a concerted effort to prepare the American public for war, have stepped up their threats to launch a devastating attack on Iraq if it does not withdraw from Kuwait.

But not until Thursday did officials disclose that Mr. Bush was prepared to order an attack sooner, rather than later, after the deadline.

"If war comes, it will be long before mid-February," one official said. "The longer the U.S. waits to attack, the more U.S. lives will be lost."

Another official said: "You must remember that the president's position is that this will not be another

See BUSH, Page 5



Sadayuki Mikami/The Associated Press

Crewmen calibrating the sights of the gun of an M1-A1 tank during an exercise on Friday by the U.S. Army in Saudi Arabia.

Crisis in the Gulf

Moscow pledged to further coordinate efforts with the U.S. Page 5.

Patrick Baz/Agence France-Presse

British troops jumping from a helicopter in the Saudi desert Friday. Forces near the border went on alert when Iraq test-fired a missile.

Germany Is Set for Military Gulf Role

Bonn Is Expected To Join NATO Force in Turkey

By Marc Fisher
Washington Post Service

BRUSSELS — Germany will almost certainly agree in early January to Turkey's request that it join a NATO rapid deployment force at the Turkish-Iraqi border, potentially bringing Bonn's military into the Gulf conflict, according to NATO and German officials.

German, Belgian and Italian officers were in Ankara on Friday to discuss the Turkish request for 42 warplanes from the Allied Command Europe's Mobile Force. President Turgut Ozal of Turkey wants the NATO warplanes and about 500 men as a deterrent against an Iraqi attack. Turkey is the only North Atlantic Treaty Organization member to share a border with Iraq.

Germany has thus far declined to send troops to the Gulf, citing what Chancellor Helmut Kohl has called a constitutional ban on the German military getting involved in conflicts outside NATO territory. Scholars differ on the extent to which the German Constitution, known as the Basic Law, limits the military, but there is no question about German participation in NATO actions.

Turkey's request, which follows a NATO commitment to defend Turkey if it is attacked by Iraq, has sparked a dispute in German politics. The opposition Social Democrats demanded that Bonn reject the request, saying in a statement that "sending a NATO rapid deployment force is a way of preparing for war."

Two leading party members, Heidemarie Wieczorek-Zeul and Hermann Scheer, said the party "is firmly against the government letting Germany get dragged into a war this way."

But an official at the German Foreign Ministry said Friday that "it will obviously be very difficult for the government to turn down this request."

"Turkey is NATO territory," the official said. "The purpose of this force is to operate as a deterrent."

Since the summer, Mr. Kohl has said that although he would not send troops to the Gulf, he would seek to change the constitution to allow Germany to join future international military efforts. In a country where opinion polls show an overwhelming majority opposed to any military role in the Gulf conflict, Mr. Kohl's move appeared designed to delay any potential political rift until after his re-election Dec. 2 and the start of his new term in mid-January.

But now the Turkish request has revived the emotional debate over the future role of the military in the united Germany. The Social Democrats, who suffered their worst defeat in decades in the elections earlier this month, are searching for a new issue on which to rebuild their support. Opinion polls indicate a deep reservoir of public dismay over any German involvement in armed conflict outside of Europe.

"It's remarkable to see the Germans wringing their hands over a couple of dozen planes while American society is completely disrupted," a NATO official said. "But the domestic debate there shows the deep revulsion in modern Germany against any use of force."

The Christian Democratic Party, led by Mr. Kohl, has remained loyal to the U.S.-led coalition against President Saddam Hussein of Iraq, rejecting proposals for separate European talks with Baghdad. Foreign Minister Hans-Dietrich Genscher, a leader of the Free Democrats, the junior partner in Mr. Kohl's coalition, is to meet

See TURKEY, Page 5

At Soviet Congress, a Wake for Progress

By Bill Keller
New York Times Service

MOSCOW — If the First Congress of People's Deputies, a year and a half ago, was a baptism of infant democracy and an exorcism of Stalinist demons, the Fourth Congress, which ended Thursday night, was a wake.

With desperate noise and little cheer, it marked the passing not only of this year of sunken spirits, but, in the minds of many participants, of the period of great advances.

"The Congress reflected the trends that have been developing in the society around us, the sunset of democratization and the onset of conservative forces," said Alexei M. Yemelyanov, a professor of agricultural economics and an opposition deputy.

President Mikhail S. Gorbachev emerged from the Congress more isolated than ever

NEWS ANALYSIS

from the innovators who helped him remap Soviet society, and dependent on traditional institutions of power — the Communist Party, the military-industrial complex, the KGB — for his chosen priority of the moment, which is order.

He seems to have run into the limits of what he started. Trying to unleash the creative energy of a suppressed society, he set loose forces that threaten the union.

Trying to break the paralysis of fear, he now finds himself afraid of the consequences. The word he used repeatedly on the closing day was *razval* — breakdown, disintegration, collapse.

People argue whether Mr. Gorbachev has reached his own personal limit, or is accommodating the hard-liners panicked by the mess of democracy. They wonder whether this is a temporary cooling-off period or the beginning of a more drastic retrenchment.

Mr. Gorbachev's spin controllers proclaimed the Congress a victory because the Soviet leader got most of what he wanted: a reorganized government, his choice as vice

See WAKE, Page 5

Germ Warfare: U.S. Plans Vaccinations

By Michael R. Gordon
New York Times Service

WASHINGTON — Acting on CIA warnings that Iraq has developed biological weapons, the Pentagon is planning to begin vaccinating American military personnel in the Gulf, according to military officials.

"We are committed to providing maximum protection for our troops, including protection against chemical and biological weapons," the Pentagon announced in a brief statement Friday.

"We expect to begin a program of inoculations soon," it said.

The plan is part of a broad effort to improve defenses against biological weapons, using masks and protective garments as well as vaccinations.

Iraq has used chemical weapons against rebellious Kurds in its own country and against Iran during the Iran-Iraq war. But President Saddam Hussein has repeatedly denied that his country has biological weapons.

In September, William H. Webster, the director of central intelligence, said Iraq had a "sizable stockpile of chemical and biological weapons." Government officials said intelligence reports indicated that Iraq would be able to deliver significant quantities of biological agents on the battlefield by early next year.

Administration officials describe the vaccination plan as a precaution in light of these intelligence findings and deny that they are trying to stir new alarm about Iraqi military capabilities.

The officials have been worried that the vaccination effort could disturb the Saudis, other members of the anti-Iraq coalition and some American troops. This is because the United States does not now have enough vaccine to inoculate all American personnel, nor does it have vaccine for friendly troops and Saudi citizens.

It is unclear how many personnel will be vaccinated under the program, but officials said the Pentagon plans first to inoculate those Americans most likely to be threatened by biological weapons such as anthrax.

Biological weapons, unlike chemical weapons, are based on living agents — viruses and bacteria. They can be used to spread such diseases as typhoid, cholera and anthrax.

Vaccines for the biological agents considered most likely to be employed by Iraq are produced in much the same way as the smallpox vaccines administered worldwide, using weakened or dead bacteria to stimulate the production of antibodies in human immune systems.

An administration official said that the Pentagon planned to begin the inoculations "in a matter of weeks" and that an effort was being made to expand the production of vaccines rapidly so that more Americans could be inoculated.

Even though supplies of vaccines are limited, administration officials defended the Pentagon plan, saying it was better to vaccinate some personnel than not to vaccinate any.

And they said that those who are not vaccinated could be given some protection from masks and special

See POISON, Page 5

Nathan Harnik/The Associated Press

A NEW LIFE IN ISRAEL — An elderly Soviet Jew searching for his baggage at the Tel Aviv airport as fellow emigrants were still having papers processed. About 200,000 people, 90 percent of them Soviet Jews, are expected to immigrate to Israel this year.

Deputies See Rigged Vote For Yanayev

New York Times Service

MOSCOW — Opposition members of the Congress of People's Deputies produced Friday what they called clear evidence of voting irregularities in the second-round election of President Mikhail S. Gorbachev's vice president.

Brandishing a smoking gun that consisted of two apparently excess ballots, the opposition deputies charged that the voting in the Congress had been falsified to ensure the victory of Mr. Gorbachev's candidate, Gennadi I. Yanayev.

A leader of the opposition Interregional Deputies Group, Arkadi N. Murashov, said the incident could be likened to the "*Vatergeitsky skandal*" — the "Watergate scandal" — but emphasized that there was no evidence to implicate Mr. Gorbachev.

Mr. Yanayev, criticized as a lackluster party functionary, failed to win election on the first ballot Friday morning, although he was the only candidate. He fell 31 votes short of the required 1,120.

The official results of the second ballot were announced Friday evening: Of the 1,828 deputies who took ballots, 1,237 voted for Mr. Yanayev, 563 voted against, 23 ballots were returned blank or defaced, and 5 were not returned.

But the opposition deputies said they decided to put the paper ballots in their pockets rather than vote, as a check on the fairness of the election. On Friday, they displayed seven paper ballots, two more than the number listed as missing in the official count.

— BILL KELLER

With Eye on Calendar, Big U.S. Convoy Ships Out

Compiled by Our Staff From Dispatches

NORFOLK, Virginia — A convoy of 17 warships carrying 16,000 sailors and soldiers began leaving the United States on Friday for the Gulf, 18 days before the United Nations deadline for Iraq to withdraw from Kuwait or face military action.

They become part of a flood of American soldiers and equipment streaming from European and U.S. ports to join a deployment of troops that is soon to reach 430,000.

Sailors and Marines began leaving U.S. ports for the Gulf aboard the ships, including the aircraft carriers America and Theodore Roosevelt from the Norfolk Naval Base.

The Roosevelt and the America each carry about 90 warplanes, including fighters, bombers and antisubmarine aircraft.

Navy officials said it should be a two-week voyage, meaning the ships would arrive before the Jan. 15 deadline.

Aircraft carriers on station in the Middle East region are the Saratoga in the eastern Mediterranean, the Midway in the Arabian Sea and the Kennedy in the Red Sea.

The deployment of such a large number of U.S. warships to one part of the world has not occurred since the Vietnam War.

More than 400,000 U.S. troops are expected to be deployed by mid-February, as well as about 100,000 from other nations. Iraq, which invaded Kuwait on Aug. 2, has more than 500,000 troops in southern Iraq and Kuwait. Several

See DEPLOY, Page 5

Kiosk

New Yorker Dies in Subway Fire

NEW YORK (AP) — An electrical fire spread choking smoke through a subway tunnel in Brooklyn on Friday, killing one person and injuring more than 100 through smoke inhalation, officials said.

The Transit Authority said the death occurred after the weather-related fire broke out on the electrified third rail in the tunnel underneath central Brooklyn. The tunnel goes under the East River toward Wall Street in Manhattan.

General News

Greece has decided to pardon most of its former military dictators. Page 2.

Crossword Page 6.

Dow Close
Up 3.71
2,629.21

The Dollar In New York

DM	1.493
Pound	1.9295
Yen	134.95
FF	5.0795

MONEY

Speculation scenarios, investments in Eastern and Western Europe and the costs of "churning." Pages 12-13.

Angola's Recipe for Economic Disorder: Eggs Over Easy

By David B. Ottaway
Washington Post Service

LUANDA, Angola — This is the story of Luanda's golden eggs.

It is also a story of a war-battered economy in transition from socialism to a free market that is so scrambled that eggs are far more valuable to a foreign visitor than the local currency, the kwanza.

This correspondent arrived in Luanda at the start of a recent weekend after the banks had closed. There was no way to exchange dollars legally into kwanzas, and thus no way to buy gas for a rented car that came with a nearly empty tank.

"No problem," a friend said. "Let's go to the Intermarket."

This is a supermarket that caters to the better-off of Luanda, those who have dollars or other hard currency. The store's wide variety of goods — clothes, household items, food and alcohol — are priced in kwanzas, but all transactions are made in hard currency. One dollar at the store is worth 30 kwanzas of merchandise at the official exchange rate.

"We need to buy some beer," my friend said.

No beer.

So my friend suggested that we buy eggs instead. There were newly arrived crates of them on sale.

We bought six dozen.

The eggs were priced by the half-dozen — 47 kwanzas for that number, or about 26 cents an egg. The total bill came to 564 kwanzas, or $18.80.

With six dozen eggs in the back seat, my friend set off for a condonga, one of Luanda's many black markets. Practically the entire city shops at them.

A couple of hours later, he returned to the hotel with a full tank of gas, and 4,600 kwanzas in change.

What had happened?

He explained that he had sold the eggs.

"I found a lady at the market and asked her for 150 kwanzas," he said. "She refused, but she offered 100 kwanzas. So I sold her the eggs at that price."

"One hundred kwanzas for a dozen eggs, or for six?" I asked.

"No," he said, laughing. "One hundred kwanzas for one egg."

That is $3.33 for an egg that I had paid 26 cents for.

"How much can she possibly sell them for?" I asked with growing disbelief.

"She told me she would sell them for 150 kwanzas an egg," he said.

In this one transaction, I learned just how out of whack the Angolan economy has become. I had converted $18 into 72 eggs, which then hatched 7,200 kwanzas, or $240 at the official rate — enough, it turned out, to fill the car with gas and carry me through a week's stay in Luanda, with 3,000 kwanzas left over.

How was it possible that Luandans could afford to buy eggs at 150 kwanzas each when salaries in the government sector range from 5,000 to 35,000 kwanzas a month?

When I left Luanda, after interviewing Finance Minister Aguinaldo Jaime and talking to scores of residents and diplomats, I still did not understand the price and value of those eggs. But they had taught me a lot about the sad state of Angola's economy.

In October, Mr. Jaime explained, the government carried out Operation Troca, or exchange, obliging everyone to turn in their old kwanzas for new ones. But the banks only gave back five kwanzas in cash for every 100 handed in. For the remainder, each person was given a government IOU.

The idea, Mr. Jaime said, was to absorb the mountains of kwanzas the government had printed to finance its deficit over the years and bring the ratio of money supply to the gross domestic product down from 150 percent to 40 percent. The banks took in about 90 billion kwanzas out of some 150 billion in circulation.

At first, the idea seemed to work, even though the government backed out of a plan to devalue the kwanza, urged by the International Monetary Fund. Prices dropped dramatically because Luandans did

See EGGS, Page 5

A Poor Italian Town Is Happy to Get to First Base, Via NATO

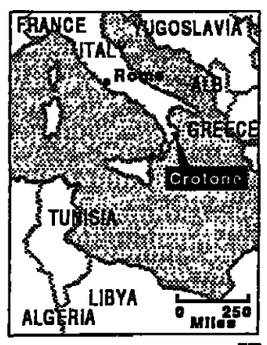
By Clyde Haberman
New York Times Service

CROTONE, Italy — Nothing would please him more, Francesco Sottile said, than to have Fiat plunk down a huge plant and start churning out cars in this outpost on the arch of the Italian boot. It would be great if Olivetti were to produce computers here.

But Mr. Sottile, the realistic president of Crotone's Small Industries Association, recognizes that none of that is about to happen.

When you have to deal with a 30 percent unemployment rate among local youths, with household incomes half the national average, with a serious drug problem and with a hungry local Mafia, you sometimes settle for what you can.

So Mr. Sottile, like other Crotone businessmen, is delighted that ground-breaking has finally begun eight kilometers (five miles) from town on a NATO air base that will spread across 1,420 hectares (3,500 acres) of scrubby farmland overlooking the Ionian Sea. It is to become home for 72 U.S. F-16 fighter jets that are supposed to leave Torrejón, outside Madrid, by mid-1992.



IHT

The businessmen say they do not think of it as merely another military installation. They see an economic opportunity that was unimaginable until Italy agreed in early 1988, as part of its commitment to the North Atlantic Treaty Organization, to accept planes that Spain no longer wants.

"We're not expecting this base to take care of all our problems," Mr. Sottile said. "But we think it can solve some of them."

Although that is a widely shared view in this weathered Calabrian city of 65,000, it is far from universal. "They're fooling themselves if they think that there will be a shower of dollars, that this will produce miracles," said the Communist mayor, Giancarlo Sitra.

If the air base is such an economic blessing, the skeptics ask, why was Spain glad to let it go?

The planned transfer here of the 401st Tactical Fighter Wing has provoked disputes that stretch all the way to Washington, where critics insist that with the Cold War over, a built-from-scratch $800 million base is no longer needed.

Dismissing it as a NATO boondoggle, some U.S. members of Congress ask why they should help an isolated region of Italy when dozens of military installations are being shut down in the United States.

The House of Representatives showed its displeasure last summer by blocking all Crotone funds for the fiscal year that began Oct. 1, although it could not prevent the start of construction with previously authorized money.

But NATO foreign ministers insist that although the base will not ready for at least five years, forcing the F-16s to scramble for temporary locations after 1992, it remains vital to protect the alliance's southern flank. The Gulf crisis underlines the need, they agreed recently in Brussels. Washington is to pay 28 percent of the costs — roughly $225 million, assuming present estimates hold — while the other 15 NATO members cover the rest.

To Mr. Sottile, price tags and geopolitical debates are best left to politicians and generals. What he sees is an instant community of 10,000 — military personnel and their families — that will mean about 1,000 on-base jobs for civilians and new opportunities for local restaurants, hotels, shops and repairmen.

The base is already a boon to the 74 farmers who had their property expropriated for the first phase of construction, each receiving as much as three times what the land is believed to be worth.

Such payments have helped fuel congressional complaints that the installation amounts to a bailout for Crotone. This city, with a chemical plant and metal-processing factory, is more industrialized than most places in largely rural Calabria. But it has hardly escaped the economic stagnation and ingrained resentments that plague much of Italy's tumbledown south.

Here, Rome is widely regarded as simply the latest colonizer in a long string that began with the Greeks 27 centuries ago. Perhaps, businessmen say, a NATO air base might force the national government to take notice by building needed highways and rail links, if only to avoid giving the foreigners a bad impression.

Yet doubters abound.

Pacifists and political activists, mostly leftist, have held demonstrations denouncing the base as unnecessary and provocative to Italian neighbors in northern Africa and the Middle East.

Some worry that the presence of fighter planes able to carry nuclear weapons could expose them to attack. Others are concerned about environmental pollution, possible damage to archeological ruins and potential cultural clashes with the Americans — not to mention their worry that a military base could mean prostitution and an even bigger drug problem.

But business leaders are betting differently. Mr. Sottile, for one, has no doubts that sooner or later Congress will provide the funds to complete the job. "In the end," he said, only partly in jest, "the Americans wind up paying everything."

Greece to Pardon Imprisoned Leaders Of Military Junta

Compiled by Our Staff From Dispatches

ATHENS — Prime Minister Constantine Mitsotakis said Friday that his government had decided to pardon all imprisoned leaders of the military dictatorship that ruled the country from 1967 to 1974, except for the official who engineered the failed coup in Cyprus.

Among those affected by the decision is George Papadopoulos, 71, the former colonel who led the military junta for six years.

Justice Minister Athanassios Kanellopoulos said that the ministry's pardons committee would discuss the issue Dec. 31. The panel is almost certain to approve the government's decision, which will clear the way for a presidential decree.

Eight members of the junta are serving prison terms ranging from 20 years to life for their involvement in the 1967 coup that established military rule. Since their sentencing in 1975, they have refused to apply for pardon.

In addition to Mr. Papadopoulos, those serving life sentences include Dimitris Ioannides, 67, who overthrew Mr. Papadopoulos in 1973, and Mr. Papadopoulos's brother Constantine, 69. The three were originally sentenced to death for high treason.

Mr. Mitsotakis said that Mr. Ioannides would not be pardoned. He planned the 1974 coup attempt in Cyprus aimed at uniting the island with Greece.

The attempt resulted in Turkey's invading the island, ostensibly to protect the Turkish Cypriot minority. The invasion brought Greece and Turkey to the brink of war.

George Papadopoulos, who ordered thousands of Greeks tortured and imprisoned or exiled to desolate islands, was ousted by Mr. Ioannides in 1973.

Mr. Mitsotakis, whose conservative New Democracy Party returned to power in April after having lost to the Socialists in 1981, said after a meeting with President Constantine Karamanlis that the junta members would be released.

"I informed the president that the government wishes to go ahead with the process for a pardon for humanitarian reasons, with the exception of Ioannides," Mr. Mitsotakis said.

He added that Mr. Karamanlis did not have any objections to the government's decision. It was Mr. Karamanlis who, while serving as prime minister after the fall of the junta, commuted the death sentences.

Six other members of the junta have been released over the years for health reasons.

Members of the New Hellenic Left Party and others who suffered at the hands of the junta were dismayed at the news that the former military rulers would be freed.

"The move to free the dictators is an insult to the memory of the Greek people and the struggle for democracy," said Andreas Papandreou, the former Socialist prime minister.

Mr. Papandreou was jailed by the junta for eight months and freed only after international pressure. He was then exiled and lived abroad until democracy was restored in 1974.

"Democracy must not show clemency to the very people who destroyed and insulted it," said Fotis Kouvelis, of the New Hellenic Left Party. *(AP, Reuters)*

Marcie Cleaver/The Associated Press

WELL-STOCKED MOSCOW MARKET, NO CUSTOMERS — A merchant arranging her fruit display in a private market in the Soviet capital on Friday, but she had few customers. The fruit cost about 10 times the price in the state-run food stores.

French Aid Group Criticizes Soviet Food Pleas

Compiled by Our Staff From Dispatches

PARIS — A French relief organization on Friday criticized appeals to donate food for the Soviet Union as "outright manipulation" because there was no famine there.

It was not the first time that "people's generosity, their warmheartedness and goodness" had been abused by unnecessary appeals, said Jacques Lebas, chairman of *Medecins du Monde* (Doctors of the World).

A total of 4,000 freight cars carrying food aid, mostly from Germany, were backed up in Moscow railroad stations awaiting distribution, Mr. Lebas said after a visit to the Soviet Union. "There is no famine like in Africa or elsewhere, at least not in the Russian Federation," he said.

Shortages did exist however outside Moscow, with hospitals short of cotton wool, seringes, disinfectants and certain drugs, he said.

"They sometimes have what they do not need but lack essential items," he added.

Medecins du Monde has given 40 tons of medical equipment and medecine to 12 children's hospitals in Moscow and other Soviet cities. A 60-ton relief convoy is scheduled to leave for the Soviet Union on Jan. 5. The European Community has put up 320,000 European Currency Units ($425,000) for the two consignments.

Meanwhile, an Indian Air Force plane carrying 24 tons of humanitarian aid landed at Sheremetyevo Airport outside Moscow on Friday, the Tass press agency reported.

The cargo was mostly medicine and medical supplies, as well as several hundred containers of rice, canned vegetables, instant soup, milk powder and jam. Tass reported that India planned to send airplanes loaded with relief supplies throughout the Soviet Union next month. *(AFP, AP)*

Ukraine Keeps Up Fight to Break Away

By Steven Greenhouse
New York Times Service

KIEV, U.S.S.R. — As he discusses the centrifugal forces tugging at the Soviet Union, Igor Yukhnovsky, the head of the anti-Communist bloc in the Ukrainian parliament, speaks with a vocabulary right out of his work in theoretical physics.

Mr. Yukhnovsky, a gray-haired, harried man who chooses his words carefully, talks as if the Soviet Union were a giant, unruly molecule, and says its disintegration is desirable, and probably inevitable, as a result of the explosion of long-suppressed forces.

"The only way out for the Soviet Union is division into its separate states," said Mr. Yukhnovsky, who is director of the Ukrainian Institute of Physics and Condensed Matter. "Each republic is looking for its own way out of the crisis."

Mr. Yukhnovsky, one of the most outspoken advocates of Ukrainian independence, sounded like someone who had plumbed the mysteries of physics as he said: "When something is ruled from the center, the optimization of life is impossible."

But Mr. Yukhnovsky and other champions of independence face two immense obstacles: The Ukraine is badly split over the idea, and the Kremlin would bitterly fight any move the republic made to go its own way.

The Kremlin is widely expected to accept some form of independence eventually for the three Baltic republics. But independence for the Ukraine would present a problem of a different order.

With 52 million people, the Ukraine is the Soviet Union's second most populous republic, after the Russian Republic; its third-largest republic in land area, after Russia and Kazakhstan; the nation's breadbasket, and a major industrial center, accounting for much of Soviet coal and steel production.

The republic's size and economic strength are the reasons many Ukrainians say their republic deserves, and can survive, independence. Yet these are the very reasons the Kremlin would oppose such a move.

"This republic is the keystone holding the Soviet Union together," said Valeri Gruzyn, director of the Ukrainian-American Renaissance Foundation, which is working to increase the republic's ties with the West. "Moscow can lose the Baltics, and that's O.K. The Soviet Union will survive. But if they lose the Ukraine, then that would be a very big domino."

Like many Ukrainians, Mr. Gruzyn hopes that his republic can join the European Community in a decade or two. His remarks are tinged with pride as he says the Ukraine belongs in the West rather than what he calls "the Eurasian empire stretching east from Moscow."

In Kiev, a city of 2.5 million, one often hears Ukrainians complain that 80 percent of what their republic produces goes to Moscow, and that 95 percent of the decision-making power over the Ukraine resides in Moscow.

"Such a huge apparatus of central power is not needed," said Alexander Mosijuk, the acting mayor of Kiev.

Mr. Mosijuk also was a theoretical physicist before going into politics. Both he and Mr. Yukhnovsky say they went into theoretical physics because it was one of the few areas of work that were untainted by Communist dogma and pressure.

"I think the transition to a market economy is impossible in the framework of the U.S.S.R." said Mr. Mosijuk. "Within that framework, there would be constant diktats from the center. And Moscow doesn't give us much help, either."

The supporters of independence face a tough fight, though, because Communists control 239 seats in the Ukrainian parliament, as opposed to 135 for the opposition, which includes Rukh, the main pro-independence group.

But even though the opposition is badly outnumbered, its members can make themselves heard. In October, a hunger strike by hundreds of college students in Kiev's main square led to the resignation of the prime minister of the Ukraine, Vitali A. Masol.

The Communists and the opposition in the parliament joined to approve a declaration of sovereignty, saying Ukrainian laws should take precedence over those of the central government.

In a blow to President Mikhail S. Gorbachev, the parliament also said it would not sign his proposed union treaty until the Ukraine had a new constitution, which some legislators say could take a year.

Although Ukrainian Communists support sovereignty, they generally oppose total independence.

Herman Levin, Broadway Producer, Dies

New York Times Service

NEW YORK — Herman Levin, 83, the producer of some of Broadway's greatest hits, including "My Fair Lady" and "Gentlemen Prefer Blondes," died Thursday of a stroke in New York City.

Before he became a producer, Mr. Levin was a bureaucrat. With a law degree, he entered the administration of Mayor Fiorello H. La Guardia in the mid-1930s and rose through the ranks to become director of the Bureau of Licenses in the Welfare Department.

When he was 39, he gave up his career with the city to team up with the actor Melvyn Douglas to produce "Call Me Mister," a revue about returning World War II veterans that Lewis Nichols of The New York Times called "one of the cheerful musicals of the year."

After producing revivals of Shakespeare's "Richard III" and Jean Paul Sartre's "No Exit," Mr. Levin produced the hit that was to establish his reputation and fortune, "Gentlemen Prefer Blondes," based on the book by Anita Loos and starring Carol Channing.

In 1956, "My Fair Lady" by Alan Jay Lerner and Frederick Loewe opened and went on to become one of Broadway's longest running and most lauded musicals.

Marchais Leaves Hospital

The Associated Press

AVIGNON, France — Georges Marchais, leader of the Communist Party in France, left a hospital here Friday after two days of treatment for a mild heart attack. Mr. Marchais, 70, described the attack as "a light problem."

OAS Repudiates Coup That Ousted Suriname Leader

The Associated Press

WASHINGTON — The political council of the Organization of American States on Friday repudiated the military coup in which President Ramsewak Shankar of Suriname was overthrown on Christmas Eve.

A Venezuelan move to denounce the coup was immediately co-sponsored by 24 of the 32 governments in the organization. The United States and all Latin American representatives, with the exception of Honduras, endorsed the Venezuelan request.

In Paramaribo, the Surinamese capital, Mr. Shankar and his cabinet gave their resignations to the National Assembly on Thursday.

The resolution adopted by the OAS council "appeals for the reinstatement of the democratic institutional order and the avoidance of any act that could aggravate the situation and impair the full enjoyment of human rights."

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PARIS and SUBURBS
THE AMERICAN CATHEDRAL (Episcopal-Anglican). Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 ave. George V, Paris 8. Tel.: 47 20 17 92. Metro: George V or Alma-Marceau.

HOPE INTERNATIONAL CHURCH (at La Chapelle Evangélique, La Défense CNIT Center), Sun. 9:45 a.m. with Sun. School for children. Evangelical & for everyone. Metro: RER (A) La Défense. Parking: Défense 4, Fri. 7:30 p.m. home Bible studies. Call Pastor Henry Paosenen: 47 73 53 54.

MONTE CARLO
INT'L FELLOWSHIP, 9 Rue L. Notari. Sunday Bible Hr. (all ages) 9:45 a.m. Worship 11 a.m. & 6 p.m. Tel.: 93.25.51.51 or 93.25.31.15.

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ENGLISH SPEAKING SERVICE organised by Eglise Réformée Evangélique every Sunday 6 p.m., 5 rue Augustine. Tel.: 67 52 82 01. All welcome.

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BERLIN BAPTIST CHURCH, Rothenburgstr. 13, 1000 Berlin 41, SS 1045, W 1200 + 1900. Tel.: 030-774-4670.

COPENHAGEN
The INTERNATIONAL BAPTIST CHURCH, meets at Boggesvangade No. 7, each Sunday, 1 p.m. Phone: 31 38 51 38.

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TRINITY BAPTIST S.S. 9.30, Worship 10.30, nursery, warm fellowship. Meets at Bloemcampioen 54 in Wassenaar. Tel.: 01751-78024.

MUNICH
INTERNATIONAL BAPTIST CHURCH OF MUNICH, München 83, Schumacherring 24. English Language Services. Sunday School 12.00. Worship Service 1:00. Pastor's phone: 690 8534.

PARIS and SUBURB
EMMANUEL BAPTIST CHURCH, 56 Rue des Bons-Raisins, Rueil-Malmaison. An evangelical church for the English speaking community located in the western suburbs. S.S. 9:45; Worship: 10.45. Children's Church and Nursery. Dr. B.C. Thomas, pastor. Call 47.51.29.63 or 47.49.15.29 for information.

PARIS and SUBURB
INTERNATIONAL BAPTIST FELLOWSHIP. 6:30 p.m., 123 av. du Maine. M° Gaîté. Near the Tour Montparnasse. The evening service of Emmanuel Baptist Church. Call 47.51.29.63 or 47.49.15.29.

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INTERNATIONAL BAPTIST CHURCH of Wädenswil (Zurich), Switzerland, Rosenbergstrasse 4. Worship Services Sunday mornings 11:00. Tel.: 720-2762.

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BERLIN
AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Potsdamer Str., S.S. 9 a.m., Worship 10.30 a.m. Tel.: 030-8132021.

BONN
AMERICAN PROTESTANT CHURCH, Sunday School 9:30 a.m., worship 11 a.m., Kennedy Allee 150. Tel.: 0228 - 37 41 93

BRUSSELS
The American Protestant Church, Worship 10:30 a.m. Kattenberg, 19 (at the Int. School). Tel.: 673.05.81. Bus 95. Tram 94.

FRANKFURT
TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (U-Bahn 5), S.S. 9:45, worship 11 a.m. Tel.: (069) 512552.

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EV. LUTHERAN CHURCH of Geneva, 20 rue Verdaine. Sunday worship 11:00. Tel: (022) 20.50.89.

ISTANBUL
UNION CHURCH mtg in the Dutch Chapel at Netherlands consulate on Istiklal Cad. Sun. 9:30 & 11:00. Tel.: (90-1) 144-5212.

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AMERICAN CHURCH in London at 79 Tottenham Court Road, London W1, SS at 9:45 a.m. & worship at 11 a.m. Goodge street tube; Tel.: (01) 580 2791.

OSLO
American Lutheran Church, Fritzners gt. 15 Worship & Sunday School 10 a.m. Tel.: (02) 44.35.84.

PARIS
AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.

STAVANGER
INTERDENOMINATIONAL CHURCH Sunday worship 9.30 a.m. The Hetland Church, Storhaugvn. 2. Tel.: (04) 564843.

STOCKHOLM
IMMANUEL CHURCH, Kungsterag. & Birger Jarl. Friendly Christian fellowship. English, Swedish & Korean. 11:00. Tel.: 46-8 151225 & 309803.

UNITED CHRISTIAN CONGREGATION. Santa Klara Church, Ostra Kyrkogata 8, English service 10:00. Tel.: +46-8-723 3029.

WARSAW
WARSAW INTERNATIONAL CHURCH, Protestant English language expatriates, Sundays 11:00 a.m. (Sept.-May), 10 a.m. (June-Aug.); UL. Pielna 14 A. Tel.: 43-29-70.

ZURICH
INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengasse 25. Tel.: (01) 2625525.

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WORLD BRIEFS

Belgrade Warns of National Disarray

BELGRADE (UPI) — The federal government of Prime Minister Ante Markovic issued new warnings Friday of pending catastrophe for Yugoslavia unless the recalcitrant leaderships of the major republics stop obstructing Western-style economic and political changes and conform to federal policies.

A report by the federal government submitted to the parliament said: "The economic, political and constitutional-legal crisis has reached its climax. The complete halt of vital functions of society becomes even more real, which leads to a climate without hope and without perspective."

The report called for approval of a package of fiscal and monetary changes for 1991 that Mr. Markovic unveiled at a meeting Thursday of the country's top leaders and was to present to the national legislature late Friday. Mr. Markovic was expected to urge that his policies be enacted until the resolution of a dispute over whether the federation of six republics be maintained or converted into a confederation of independent states.

Chun to End Internal Exile in Korea

SEOUL (AP) — Former President Chun Doo Hwan will return to his home in the capital on Sunday, ending his two-year internal exile in a remote temple, aides to Mr. Chun said Friday.

A dissidents' association in the city of Kwangju issued a statement warning against "restoration of a suppressive rule following the former president's comeback." Dissidents have asked the government to prosecute Mr. Chun, contending he ordered the military to crush a 1980 pro-democracy uprising in Kwangju.

Kwangju is a major stronghold of Kim Dae Jung, the opposition leader. Mr. Kim said he would not oppose Mr. Chun's return, but he told the former president to stay out of politics. Mr. Chun and his wife, Lee Soon Ja, went into internal exile in 1988 after apologizing for abuses during his authoritarian rule, which began in 1980.

Beijing Replaces 2 Cabinet Ministers

BEIJING (NYT) — China on Friday replaced the ministers of public security and foreign trade at the closing session of the legislature's standing committee.

Wang Fang, 70, who presided over public security during pro-democracy demonstrations in Beijing in June 1989, was replaced by his vice minister, Tao Siju, 55, the Xinhua press agency reported. Zheng Tuobin, 66, was replaced at the Ministry of Foreign Trade by a deputy minister, Li Lanqing, 58.

The legislature also passed resolutions that decree life imprisonment or the death penalty for serious crimes relating to the spread of pornography or narcotics.

Israelis Condemn Attack on 3 Arabs

JERUSALEM (Reuters) — Government officials, opposition politicians and Israeli settlers joined Friday in condemning the shooting of a Palestinian family, and several blamed it on the early release of three jailed Jewish underground guerrillas.

A previously unknown group called the Zionist Avengers took responsibility for the wounding of the three family members, including a 1-year-old child, near Bethlehem in the occupied West Bank on Thursday.

Defense Minister Moshe Arens condemned the attack, as did a group representing more than 90,000 Jewish settlers. Yossi Sarid, an opposition member of parliament, said that the shootings were fueled by the release of the three members of a guerrilla group that killed and maimed Arabs, who got a heroes' reception from supporters upon their release. "What's so surprising if other people want the same status as heroes?" he said.

63 Sentenced in Morocco Rioting

RABAT, Morocco (AP) — A court found 63 people guilty Friday of taking part in nationwide rioting two weeks ago that left at least five people dead.

The court in Kenitra, near Rabat, sentenced 11 people to two years in prison and 22 to one year. The remaining rioters received terms ranging from one to three months.

The sentences came a day after officials announced that 87 people had received stiff jail sentences, some as long as seven years, for taking part in disturbances in Fez, Meknes and Tangiers. The rioting on Dec. 14-15 broke out in several cities during a general strike by the nation's two largest labor unions.

Nearly 600 Flee Albania in Month

IOANNINA, Greece (Reuters) — Nearly 600 Albanians have braved machine-gun fire and trekked through heavy snow and icy waters this month to flee to Greece, the police said Friday.

The refugees are mostly ethnic Greeks from southern Albania. "There were 51 on Thursday alone, and we expect many more," said Andreas Vergis, police chief in the northern border region. "The biggest push came around Christmas, from Dec. 23 to 27, when about 250 people came across."

Refugees told of long hikes through snow and of guards opening up with machine-guns even after they were across the border. At the border they dug tunnels under a barbed-wire fence and then had to cross a no-man's-land with a shallow river running through the middle.

For the Record

A bus near Madrid skidded off a highway on Friday, killing 11 people and injuring 26, Spanish officials said. The bus, en route from Madrid to the northwest city of Vigo, hit a wall and then a road sign, which sliced off the vehicle's roof. *(Reuters)*

An explosion at the Luanda airport in Angola caused extensive damage to the terminal late Thursday night, but there were no reports of casualties. Security guards said passengers on a French UTA flight bound for Paris had already boarded their plane before the blast. This was the only international flight out of Luanda during the evening. Angolan radio said UNITA rebels were presumably responsible for the blast. *(Reuters)*

TRAVEL UPDATE

Japan Air Lines will begin flying nonstop from Washington Dulles airport to Tokyo on March 30, joining All Nippon Airways and United Airlines in serving the route. On Jan. 8, United Airlines, which flies from Washington to Tokyo with a stop in Newark, will begin offering a 16½-hour flight that originates at Dulles and stops in Chicago before proceeding to Tokyo. *(WP)*

Thick fog in Italy caused several chain-collisions Friday involving about 200 cars and several trucks along the Milan-Bergamo highway. One driver was killed and several people were injured, police said. *(AP)*

Tourists to Romania from countries of the former Communist trading bloc Comecon will no longer be able to change their domestic currencies in Romanian banks from Jan. 1, the Romanian National Bank said Friday. It said Poles would be able to change zlotys into Romanian lei until Feb. 1, but tourists from other Comecon nations, and Albania, could only do so until Monday. *(Reuters)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	7	45	3	37	sh
Athens	13	55	7	45	pc
Barcelona	15	59	7	45	pc
Belgrade	5	41	2	36	pc
Berlin	7	45	2	36	pc
Brussels	7	45	3	37	pc
Budapest	1	34	-1	30	pc
Copenhagen	5	41	1	34	pc
Costa Del Sol	12	54	5	41	pc
Dublin	4	39	3	37	r
Edinburgh	3	37	0	32	r
Faro	16	61	14	57	r
Florence	9	48	3	37	pc
Frankfurt	8	46	1	34	pc
Geneva	9	48	0	32	pc
Helsinki	3	37	-1	30	pc
Las Palmas	20	68	16	61	pc
Lisbon	14	57	13	55	r
London	7	45	3	37	sh
Luxembourg	5	41	1	34	pc
Madrid	12	54	5	41	pc
Milan	4	39	-5	23	pc
Moscow	-2	28	-5	23	sn
Munich	7	45	2	36	pc
Nice	12	54	6	43	pc
Oslo	3	37	-1	30	pc
Paris	8	46	4	39	pc
Prague	5	41	0	32	pc
Reykjavik	-1	30	-7	19	sn
Rome	14	57	8	46	pc
Stockholm	5	41	2	36	pc
Strasbourg	8	46	3	37	pc
Venice	3	37	-3	27	pc
Vienna	7	45	3	37	pc
Warsaw	4	39	0	32	pc
Zurich	6	43	0	32	pc

MIDDLE EAST

Cairo	19	66	11	52	pc
Istanbul	11	52	6	43	r
Nicosia	17	63	3	37	pc
Riyadh	17	63	3	37	s
Tel Aviv	18	64	13	55	c

OCEANIA

Auckland	—	—	—	—	ns
Sydney	27	81	20	68	pc

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	34	93	27	81	r
Beijing	-1	30	-7	19	s
Hong Kong	19	66	17	63	sh
Manila	31	88	21	70	pc
New Delhi	28	82	11	52	s
Seoul	-1	30	-11	12	s
Shanghai	7	45	2	36	r
Singapore	31	88	24	75	t
Taipei	22	72	13	55	r
Tokyo	11	52	-1	30	r

AFRICA

Algiers	—	—	—	—	ns
Cape Town	28	82	16	61	pc
Casablanca	15	59	10	50	r
Harare	23	73	16	61	pc
Lagos	28	82	23	73	t
Nairobi	27	81	12	54	pc
Tunis	14	61	10	50	r

LATIN AMERICA

Buenos Aires	—	—	—	—	ns
Lima	26	79	20	68	pc
Mexico City	24	75	6	43	pc
Rio de Janeiro	—	—	—	—	ns

NORTH AMERICA

Anchorage	-15	5	-27	-17	pc
Atlanta	9	48	5	41	r
Boston	2	36	-1	30	pc
Chicago	2	36	-1	30	pc
Denver	16	61	-15	5	pc
Detroit	3	37	1	34	pc
Honolulu	28	82	18	64	pc
Houston	21	70	15	59	pc
Los Angeles	19	66	9	48	pc
Miami	29	84	22	72	pc
Minneapolis	2	36	-10	14	pc
Montreal	-2	28	-10	14	pc
Nassau	30	86	21	70	pc
New York	4	39	2	36	pc
Phoenix	24	75	10	50	pc
San Francisco	17	63	8	46	pc
Seattle	11	52	2	36	pc
Toronto	3	37	-10	14	pc
Washington	5	41	-1	30	pc

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

SATURDAY'S FORECAST — CHANNEL: Heavy. FRANKFURT: Rain. Temp. 10 — 3 (50 — 36). LONDON: Showers. Temp. 7 — 5 (45 — 41). MADRID: Cloudy. Temp. 12 — 5 (54 — 41). NEW YORK: Cloudy. Temp. 11 — 7 (52 — 45). PARIS: Rain. Temp. 12 — 5 (54 — 41). ROME: Fair. Temp. 14 — 6 (57 — 43). TEL AVIV: Not Available. ZURICH: Rain. Temp. 10 — 3 (50 — 38). BANGKOK: Cloudy. Temp. 32 — 22 (91 — 72). HONG KONG: Fair. Temp. 20 — 14 (68 — 57). MANILA: Fair. Temp. 30 — 20 (86 — 68). SEOUL: Fair. Temp. 2 — -7 (36 — 19). SINGAPORE: Fair. Temp. 29 — 24 (84 — 75). TOKYO: Fair. Temp. 9 — 4 (48 — 39).

صكنا من الاصل

In Florida Prisons, Time Passes Fast

To Ease Crowds, Drug-Busting State Releases Inmates as It Arrests Others

By Michael Isikoff
Washington Post Service

TALLAHASSEE, Florida — Starting in the early 1980s, legislators in this state launched one of the most aggressive anti-crime and drug crackdowns in the nation, passing laws that abolished parole, stiffened sentences and mandated prison time for possession of even small amounts of cocaine and other illegal substances.

But today, that crackdown has produced a wholly unexpected result that may have national implications.

The Florida Corrections Department is overwhelmed by a seemingly endless number of drug offenders pouring into its prisons. It has been forced to slash the sentences of inmates at ever more rapid rates — and it is releasing them in droves.

As a result, this conservative law-and-order state now leads the nation in the early release of convicted felons.

Four years ago, inmates sentenced to Florida prisons served an average of 52 percent of their sentences. Today, the figure is 33 percent and dropping fast.

An "early release" program was authorized by the outgoing governor, Bob Martinez, a Republican, and approved by the Democrat-controlled state legislature to relieve overcrowding in Florida prisons.

"It's a fiasco," said Anthony Fontana, chairman of the Florida Parole Commission, which last month was given new responsibility for supervising people released early.

In the eyes of some criminal justice experts, the story of the Florida early release program offers a striking lesson in the perils of hard-line policies toward crime and drugs that fail to consider the long-term effects on the justice system.

Many lawmakers agree that the problems have been simmering for years. But ironically, they reached critical mass under the hard-line administration of Mr. Martinez, who lost his bid for re-election last month and was recently chosen by President George Bush to become chief adviser on drug policy.

At the same time, Mr. Martinez, who joined in the chorus of criticism of the Democratic presidential nominee, Michael S. Dukakis, for the Massachusetts prison furlough program during the 1988 campaign, has been plagued by repeated "horror stories" about inmates released early who committed sensational crimes.

Willie Horton, who raped a Maryland woman while on furlough from a Massachusetts prison, became front-page news during the presidential campaign and put Mr. Dukakis's campaign on the defensive. Shortly after that, Florida papers played up the case of Charles Street. Convicted of attempted murder in 1980, Mr. Street gunned down two Miami police officers 10 days after he was released from a state prison, having served barely half his sentence.

The releases have placed Florida on the cutting edge of a nationwide problem as states struggle to cope with rapid increases in their prison populations, according to many policy analysts.

For a decade, largely as a result of the drug crisis and stiffer sentencing laws, state prison populations have more than doubled, reaching 700,000 this year. This has placed major new strains on state budgets as officials scramble to build and maintain new prisons, taking money from other services.

But now the crackdown on drugs and crime appears to be reaching its outer limits. While state governments spent a record $18.1 billion for operation and construction of prisons this year, 40 states remain under federal court orders restricting prison overcrowding.

As a result, corrections officials are increasingly turning to new mechanisms to relieve the pressure: unilaterally granting "gain time" and "credit releases" that effectively shorten sentences and move inmates out the door.

From the moment Mr. Martinez took office, his aides argue, he recognized the problem and launched the biggest prison-building program in Florida history — a $350 million effort that in the past four years has more than doubled the number of Floridians behind bars.

Prison overcrowding had reached crisis proportions by the time Mr. Martinez took office in 1987. New inmates from an explosion in drug offenses were being herded into makeshift prisons.

Mr. Martinez, facing a federal court ruling that could lead to mass releases all at once, called a special session of the state legislature and was given authority to grant inmates "administrative gain time" — essentially time off — whenever the state's prisons were full.

When the program began, a state computer automatically granted most inmates five days off their sentences whenever state correctional officers learned the prisons were at 99 percent of capacity.

"Then we went to 10 days, but it wouldn't generate enough bodies out the door," said Richard Dugger, Mr. Martinez's secretary of corrections, who administered the early releases of inmates.

By last year, the computers were taking one month off sentences every two weeks. When that was combined with other "gain time" already on the books, convicted felons were earning as much as a year off their sentences after having served only a few months. As many as 3,000 inmates were pouring out of the prisons every month.

State officials now estimate that in the nearly four years since the program began, more than 130,000 drug dealers, armed robbers, muggers and other convicted felons have been let out of Florida prisons early — in many cases, years before their sentences were due to expire.

Public Swearing in Quincy, Massachusetts: A Bluenose No-No

By Fox Butterfield
New York Times Service

QUINCY, Massachusetts — This city prides itself on being the home of two presidents, John Adams and his son John Quincy Adams, and a signer of the Declaration of Independence, John Hancock. Its city council has also voted to ban swearing in public places.

The ordinance, passed by a vote of 6 to 2 on Dec. 17, is intended to help control rowdy teen-agers in Quincy's historic center and to help a new city program attract tourists.

"We are trying to send a message to the people of Quincy that we are upset by the language people have to hear," said Theodore DeCristofaro, president of the council.

Mr. DeCristofaro worked for 25 years for the National Park Service in charge of maintenance at the Adams mansion not far from downtown, the house where the Adamses lived.

He said the new law, passed with little debate, had widespread support. But it has prompted concern by the American Civil Liberties Union, some Quincy residents and the minister of the church where John Adams, John Quincy Adams and their families worshipped.

"John Adams probably would have thought this was very silly, an infringement on citizens' unalienable rights," said the Reverend Sheldon W. Bennett of the United First Parish Church, a Unitarian church established in 1639.

The church sits at a busy downtown intersection near a large concrete bus and subway station of the Massachusetts Bay Transportation Authority. The station is the main transportation center for the suburban area south of Boston, known as the South Shore, and is a gathering place for young people.

It is the behavior of these youths that has alarmed Mr. DeCristofaro as well as Mayor James A. Sheets, who sponsored the ordinance. "We are beginning to emphasize in a meaningful way the historical aspect of Quincy," he said.

In fact, the city is negotiating with the park service to create a National Heritage Park in Quincy and is studying ways to attract more tourists. "But right across the street from the church is the MBTA station, and, frankly, it can be a nuisance with drinking, drugs and the language they use," Mr. Sheets said.

He said he had often witnessed the problem, because his city hall office is next-door to the station, and he has watched as groups of teenage boys shout obscenities at elderly women.

"We know what goes on in the real world, and we are not trying to legislate morality," Mr. Sheets said. "But we have to be concerned about the rights of families to come into downtown without being harassed by bad language."

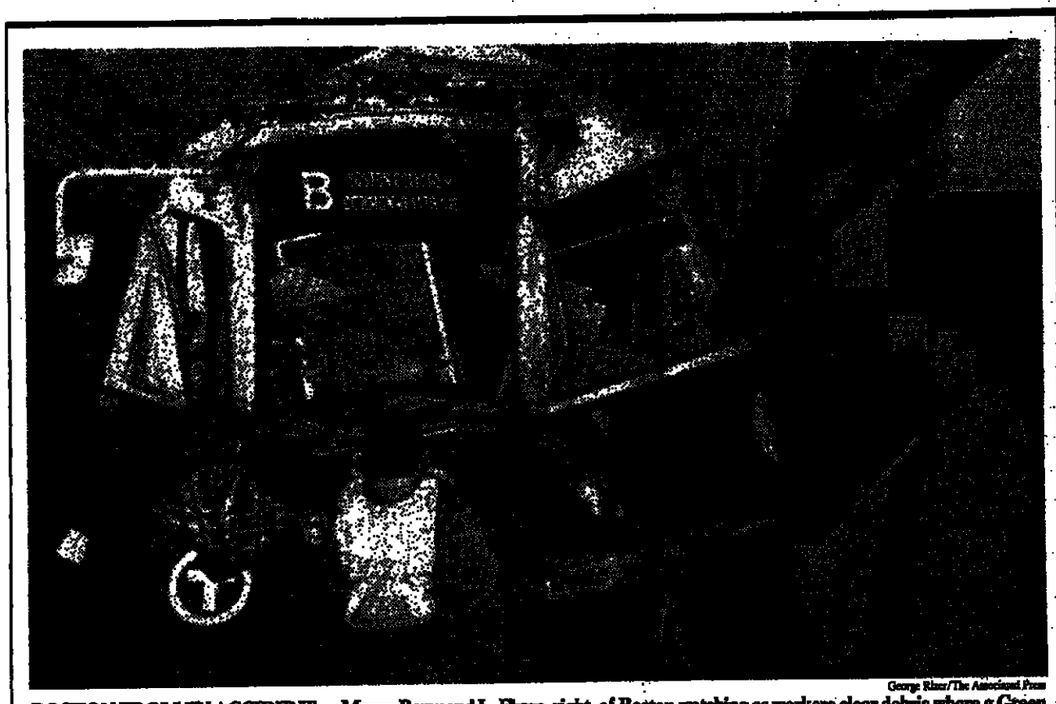
The ordinance specifies that "no person shall accost or annoy persons or disturb the peace or loiter or address another person with profane or obscene language" in any publicly owned place. Violators can be fined $100.

The police have not yet been asked to enforce the law, and no date has been set, Mr. Sheets said. "But we will do it when we have to," he said.

Lawrence O'Donnell, a criminal lawyer whose office is near the transit station, says he thinks the new law "opens the city council and the mayor to ridicule, worrying about things like this with the problems we have in 1990."

John Roberts, executive director of the Civil Liberties Union of Massachusetts, said that if the ordinance was enforced and someone brought him a case, "We'd challenge it."

The language of the law is vague in describing profanity and obscenity, Mr. Roberts said, and the U.S. Supreme Court has struck down other local attempts to bar obscenity and profanity. In addition, he said, the court has rejected a number of anti-loitering laws for infringing on the right to associate.



George Rizer/The Associated Press

BOSTON TROLLEY ACCIDENT — Mayor Raymond L. Flynn, right, of Boston watching as workers clear debris where a Green Line trolley rammed into another Friday morning at Arlington Station near Boston Common. At least 31 people were injured. It was the second train wreck in Boston this month; on Dec. 12, an Amtrak train hit a commuter train in Back Bay Station.

Add to New York Woes: Teetering Subway Line

By Dennis Hevesi
New York Times Service

NEW YORK — City transportation officials have shut down a subway line across the Manhattan Bridge after state inspectors found deep corrosion, sheared bolts and missing steel plates in the bridge's beams that support the tracks.

In one spot, a plate that was supposed to hold a beam 6 inches (150 millimeters) wide in place was missing, said David Steinberger, the city's deputy transportation commissioner for bridges.

With the plate missing, the beam had slipped to within a half-inch of falling off its support, Mr. Steinberger said. That might have dropped the track several feet or more and caused a train to derail.

"There's no question that we could have had a very serious accident," Mr. Steinberger said. "We just caught it in time."

The closing of the two tracks, affected about 25,000 passengers on the N trains. But more serious delays are likely to arise this weekend, when the other subway tracks on the bridge — the B, D and Q lines along its north side — are also closed for inspections.

Repairs on the N tracks are expected to take about a week.

The new problems on the Manhattan Bridge illustrate the difficulties New York City faces as the need to repair many of its 842 large and small bridges collides with the city's severe budget constraints. The number of hazardous conditions on the bridges, which have been poorly maintained for decades, has sharply risen in recent months, and city engineers have warned that dozens of bridges might have to be temporarily closed next year for repairs.

Because of the city's fiscal problems, transportation officials plan to reduce the preventive-maintenance program for bridges by 38 percent in 1991, to $5.8 million from $9.4 million. And they plan to cut the capital budget by 16 percent over the next four years, to $817 million from $972 million. This will mean many bridges will not be painted, 310 bridges will not be cleaned and 19 bridge rehabilitation projects will be delayed.

Party Persuades Kaifu to Shuffle Cabinet

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Toshiki Kaifu, under pressure from party leaders, has agreed reluctantly to form his third cabinet Saturday, party officials said Friday.

"We have solved many pending issues, so we agreed to do this," Ichiro Ozawa, secretary-general of the Liberal Democratic Party, said after meeting Mr. Kaifu.

The issues Mr. Ozawa referred to were the budget, to be announced Saturday, and the adoption of a party platform to alter the unwieldy electoral system.

Parliamentary sources said the shuffle did not signal any major changes in Mr. Kaifu's domestic or foreign policy, although he might appoint a new foreign minister.

Finance Minister Ryutaro Hashimoto is expected to be retained because he has responsibility for next year's budget.

Mr. Kaifu is likely to move Justice Minister Seiroku Kajiyama, who came under attack both at home and abroad for racial remarks. During a recent tour of Tokyo's seedy Shinjuku District, he said blacks and prostitutes destroyed neighborhoods.

The prime minister has been reluctant to replace members of his cabinet, saying he faced major foreign and domestic issues.

But party leaders, eager to give posts to their subordinates, had been pressing for a shuffle before the end of the year, parliamentary sources said.

The current cabinet was appointed after Mr. Kaifu won a resounding victory in elections in February.

But his popularity has dropped sharply in recent months amid charges that he has been indecisive in defining Japan's role in the Gulf crisis. He is also still dogged by the widely held view that he is a pawn of the governing party's senior power brokers.

The influx of new members may include scandal-tainted politicians whom Mr. Kaifu had vowed to keep out of his government, Japanese newspapers said.

In his first shuffle, in February, he resisted enormous pressure to place scandal-tainted cronies of faction leaders on his team.

(Reuters, UPI)

Japan Count Is In: 123,611,541, Still 7th Largest

By T. R. Reid
Washington Post Service

TOKYO — Japan's census takers counted a population of 123,611,541 as of Oct. 1, 1990, meaning that the country maintained its position as the seventh-biggest nation on earth.

But the population increase of 2.1 percent since the last national census, in 1985, was the country's lowest rate of growth since well before World War II. That reflects Japan's falling birth rate, a social statistic that the government has described as a major crisis.

The preliminary census figures made public this week showed that more and more people were crowding into urban centers, like Tokyo, Yokohama and Osaka, while rural areas were experiencing population declines.

The census takers computed a population density for Japan of about 1.4 people an acre, more than 10 times the density of the United States. In practice, population density here is greater, because only about a quarter of Japan's rugged, mountainous land mass is habitable.

Although final figures were not available, the Management and Coordination Agency said the population included about 900,000 foreigners. That would be the largest number of non-Japanese voluntarily residing in Japan in recorded history. Just before and during World War II, there were about 1.3 million foreign residents in the country, but they were mostly slave laborers brought from the Asian nations Japan colonized in the first half of the century.

The new data mean that Japan holds its global rank behind China, India, the Soviet Union, the United States, Indonesia and Brazil.

In terms of wealth, as measured by gross national product, Japan ranks as the world's second-richest country, behind the United States. With a population just under half the size of the United States, Japan's GNP of $2.9 trillion is about 60 percent as big as the U.S. GNP.

On a per-capita basis, Japan's GNP is the world's highest — about $23,400. The United States ranks second in this category, with a per-capita GNP of $19,800.

U.S. Judge Calls Drug Law Racist

The Associated Press

MINNEAPOLIS — A state law providing for a four-year sentence for first-time crack users and probation for first-time users of powdered cocaine is racially biased and thus unconstitutional, a judge has ruled.

District Judge Pamela Alexander ruled that state sentencing guidelines were flawed, saying there was no logical reason that people convicted for possessing crack should be treated differently from those convicted of possessing any other form of cocaine. The ruling was handed down Thursday.

Attorneys for five suspects who challenged the law said 92 percent of people arrested on charges of possession of crack in 1988 were black, while 85 percent of people arrested on charges of possessing powdered cocaine were white.

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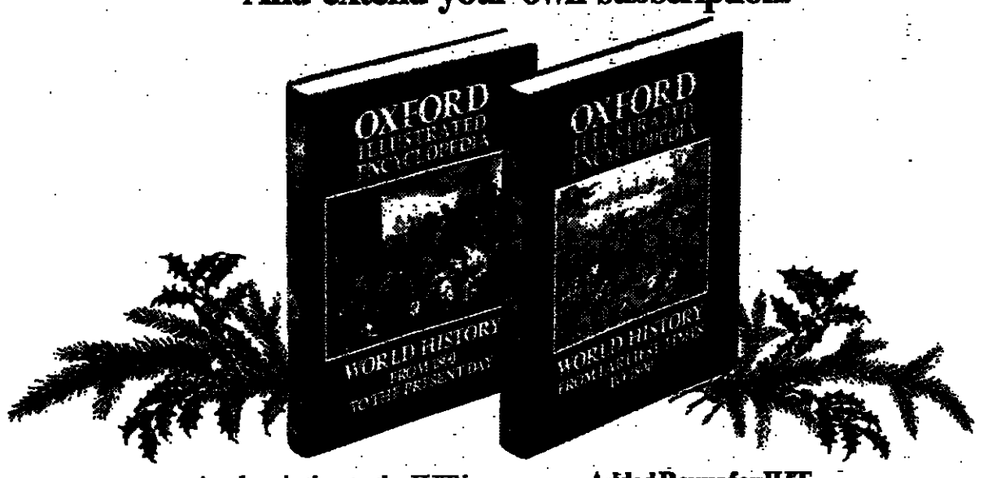

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The Cambodians' Turn

In the latest stage of Cambodia's painful passage toward peace, the interested outsiders collected the warring parties in Paris and leaned on them hard to accept the United Nations plan. The parties moved forward but irregularly. For instance, they broke the impasse that had developed over who will lead the interim body that will embody Cambodian sovereignty while the UN gets the country running and organizes elections. But they broke it essentially by finessing it, and while they did conduct a discussion of the issues, there is still no agreement on a formal text. The war, meaning chiefly a relentless Khmer Rouge drive for a military victory, goes on.

The difficulty lies where it has lain since the United Nations first undertook to undo Vietnam's decade-old takeover of Cambodia — a takeover that many Cambodians see to this day as aggression by their traditional foe, though it had the merciful effect of ousting the genocidal Khmer Rouge. The Hun Sen government sitting in Phnom Penh is a Vietnamese creation, notwithstanding its sometime effort to put on a face of reform. The other three Cambodian factions, including the Communist Khmer Rouge and two far less well-armed non-Communist groups, resist it. Hun Sen is under heavy international pressure to step aside and allow the UN plan to take effect. But as the party formally holding power and occupying the capital, he wants to sell dear — so dear, in fact, that some people fear he does not intend to sell at all.

In the absence of a working consensus among Cambodians, others have rightly turned to the Asian patrons of the principal parties to get those patrons to bring their influence to bear. China supports the Khmer Rouge, and Vietnam supports the Hun Sen government in a long-time power struggle. That China and Vietnam both seek to broaden relations with the West gives them an extra incentive to cooperate and settle down that corner of Asia.

But that does not relieve the Cambodian parties of their obligation to take advantage of outside diplomatic assistance and magnanimity while these commodities are still available. Earlier the outsiders were exhilarated by the promise of UN peacemaking, and now they are gathering for a further friendly diplomatic shove. But for all the suffering Cambodia has borne and for all the compassion it has earned as a result, others can do no more for Cambodia than what Cambodians now permit.

— THE WASHINGTON POST.

250 Million Americans

The American population, the Census Bureau now tells us, is an even quarter of a billion. It has doubled since 1932 and continues to grow rapidly by the standards of the rich industrial countries. There is an endless quarrel among the states and cities, not to mention their representatives in Congress, as to whether the bureau's numbers are precisely correct. But that is a zero-sum game, for the congressional seats and federal dollars that census-based formulas give to one jurisdiction are taken away from others. While that dispute is more immediate, it is less interesting than the broad pattern of this growth and its implications for American national life.

The population is currently rising nearly 1 percent a year, and more than three-fourths of it is natural increase — births minus deaths. The rest is immigration. If trends continue, the rate of natural increase will fall from decade to decade on a track that would bring the population to 300 million some time around 2025 and then level off around 310 million in the second half of the next century.

Predicting birth rates is not easy, but in recent decades they have generally fallen as women became more highly educated and as they took jobs. Since there is no reason to think that levels of education and employment will not continue to rise among women, it is plausible to expect lower birth rates, at least in the absence of great disruptive events. World War II and postwar prosperity sent birth rates soaring, a phenomenon that no demographer had anticipated. But barring that kind of upheaval, drastic changes in the rates seem unlikely.

Immigration is harder to predict, since it depends entirely on public policy. In this century the country has gone through several sharp swings of sentiment, and over the next century perhaps there will be more.

The character of a country's life is greatly affected by the scale of its population. The first American census, in 1790, reported 3.9 million people. It is not the least of the genius of the U.S. Constitution that a scheme of representation conceived for a small, mostly rural population has adapted itself successfully to a huge, mostly urban one. But that growth has changed the nature of representation, rendering it less personal and direct. Population growth generates issues and concerns of its own. The environmental movement, and the passion for preserving the wilderness, draw some of their strength from a sense of crowding that was much less widespread in the United States a generation ago. But it is still far from a crowded country. Even at 310 million the United States would remain, among the world's highly developed democracies, one of the least densely settled.

— THE WASHINGTON POST.

Willing a Dignified Death

Nancy Cruzan, who prompted the Supreme Court's first right-to-die case, lay in a vegetative state for eight years before her parents received legal permission to withdraw the feeding tube that prevented a dignified death. Such loss of control over one's destiny is among the worst fears of the very ill. But a new federal law that will take effect late next year will ease that fear.

The measure says patients entering a federally funded hospital or nursing home must receive written information about state laws and their rights under those laws to refuse treatment. They must also be given information about each institution's practices so they can choose an institution that will agree to honor their wishes.

The Patient Self-Determination Act also requires institutions to record whether the patient has, in writing, rejected life support. Patients can do so in an "advance directive" — a living will, say, or by designating a health-care proxy — that takes effect once they are incapacitated.

Forty-one states have living-will laws; 18 allow health-care proxies. But living wills can be unnervingly vague, and even the most conscientious health-care proxy may be hesitant to make certain decisions. The more precise patients can be, the better for them, their families, their friends and doctors. Which is why there have been so many requests — from individuals, physicians and hospital administrators — for the medical directive set forth by Dr. Linda Emanuel and Dr. Ezekiel Emanuel in the Journal of the American Medical Association last year.

The form, which can be reproduced for personal use without charge, is available for $1 and a stamped, self-addressed envelope from the Harvard Medical School Health Letter, 164 Longwood Ave., Boston, Massachusetts 02115. It involves four scenarios — persistent vegetative state, coma with a chance of recovery, dementia and dementia with terminal illness — and a choice of very specific interventions. It is meant to become part of the patient's file. The form allows patients to specify treatment if they wish it; requests may be affirmative as well as negative. But whatever the choices, the important point is that they will now be made by the people to whom they matter most.

— THE NEW YORK TIMES.

Other Comment

Jaw-Jaw Into the Night

No one can say with certainty that Saddam Hussein does not prefer war. Just as Anwar Sadat of Egypt rose from the immediate ashes of the 1973 war a greater hero in the eyes of the Arab world for merely having taken on the great enemy, so Saddam Hussein may believe the path to glory needs to be strewn with almost as many Iraqis as American infidels.

If that is in fact his mentality, then nothing that the United States can do, short of repudiating the 12 UN Security Council resolutions on Iraq, will retard an inexorable march toward war in the Gulf. Under those circumstances, war could not be stopped by a military buildup — because that, in this perverse logic, completely plays into Saddam Hussein's hands. War could not be stopped by more diplomacy — for that is a delusion and a folly. In this scenario, Saddam will not talk sincerely of peace because what he wants is a war that he knows he cannot win but also knows he cannot lose — so long as he survives it.

But let us assume the opposite: that even in this hardest of hard hearts, Saddam Hussein shrinks from the thought of subjecting Iraq to yet another bloody ordeal. And that, in truth, he would like some way out — one short of 100 percent capitulation.

Can this wishful sentiment be read into the sudden recall of two dozen or so senior Iraqi ambassadors to Baghdad for consultations? Is the Iraqi government preparing a new diplomatic initiative for after the New Year? Has it had a change of heart?

Where there is time, there is hope.

Serious talks, even if they entail a measure of Iraqi foot-dragging and obfuscation, would appear more than acceptable to top U.S. military officials in the Gulf. They say that U.S. forces won't be ready to move in strength until sometime in February.

No doubt Iraq regards this disavowal of readiness as a red herring — and indeed, if it is, the U.S. military deserves high marks for a remarkable psych-war effort of disinformation. More probable is the conclusion that the generals are saying what they think.

There is nothing wrong, it seems to us, if James Baker and Saddam Hussein jaw-jaw (because it is so much preferable to war-war) long into the night, night after night, while U.S. forces continue to train and prepare for what may in the end be unavoidable.

— Los Angeles Times.

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Directeur de la publication: Richard D. Simmons

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel.472-7768. Tlx: RS56928 Mng. Dir. Asia, Rolf D. Kruenpuhl, 50 Gloucester Rd., Hong Kong. Tel. 8610616. Telex: 61170 Mng. Dir. U.K., Garry Thorne, 63 Long Acre, London WC2. Tel. 836-4802. Telex: 262009 Gen. Mgr. Germany: W. Lauterbach, Friedrichstr. 15, 6000 Frankfurt/M. Tel. (069) 726755. Tlx: 416721 Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Telex: 427175 S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337

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OPINION

Beware This 'Gift' From Beijing

By A. M. Rosenthal

NEW YORK — This is a news alert, and warning, for the press and members of Congress.

The Chinese Communists plan to announce the release of many political prisoners who were rounded up after the springtime revolution of 1989. They have been kept without charge or trial. About 2,000 may be freed. The announcement is scheduled for the first months of 1991.

The freedom of even one political prisoner is good news. So why the "warning" about Communist China's still-undisclosed plans to allow many freedom fighters out of their cells? These are the answers:

1. The most important prisoners — the "ringleaders" — will get heavy sentences. Nobody will know how many remain incarcerated. In China the public is never told how many are arrested, where they are or how many have been executed.

2. The cruel and cynical Marxist-Leninist criminal code will remain in force. It makes a crime out of any action, comment or written word that the government decides is against its interests. The "trial" system makes a guilty verdict automatic. Even an attempt at defense is taken as an anti-government insult and can lead to heavier sentence.

3. The vast police apparatus will remain in force. Crackdown and arrest of dissidents will continue — with the newly freed a special target.

Thousands of political prisoners may be freed.

And finally, a reason for Americans, particularly, to beware:

4. The plan for release of some prisoners while keeping the best and the bravest incarcerated is carefully aimed at strengthening the power of Communist China's leaders through more American trade and credits.

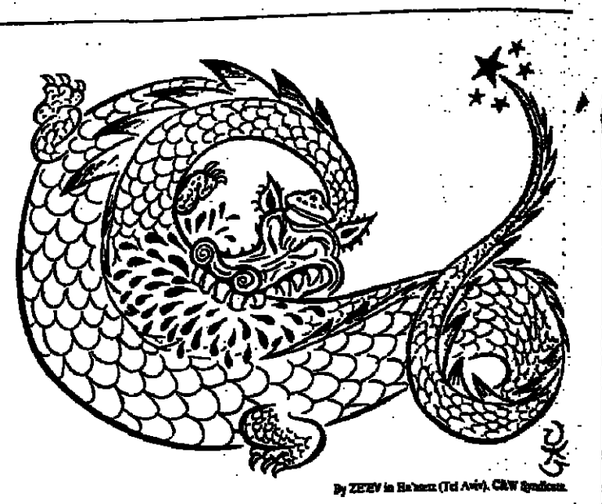
Most of the Western sanctions imposed on China in horror at the 1989 massacres have disappeared. On Dec. 5 of this year, page A14 of The New York Times carried a story from Beijing about how the Communists obliterate the very memory of political prisoners.

The same day on page A13 was a story reporting that the World Bank had approved $114.3 million in loans to Beijing, the first "non-humanitarian" loans since the June 1989 massacres.

Still, the men who rule behind Beijing's guarded compound walls fear one possible economic weapon against their power. They fear the U.S. Congress may lift their immensely valuable tariff privileges in the United States — most-favored-nation status.

This is a gift prolonged every year by the Bush administration. With these low tariffs, Communist China has been helped to flood the American market with dumped goods, piling up billions.

Selling goods at low "cost" is not difficult for China, considering how much of its manufacture is turned out by labor that "costs" only a lump of bread and a bowl of thin gruel a day. Slave prison labor is an economic tool written into the very law and economic planning of the Chinese state.



By ZEEV in Ha'aretz (Tel Aviv). CRW Syndicate.

Congress has voted against most-favored status for China. But so far it has failed to muster the two-thirds vote to block the president.

But the Bush administration may realize it will be more difficult to keep giving tariff gifts to China. Recently it wisely sent Richard Schifter, assistant secretary of state for human rights, to China. He is a tested fighter for human freedoms and is not the kind of man to spare the truth about any country.

The majority of Congress will fight again this year to stop buttressing Beijing by tariff privileges. Beijing and Washington both know the vote is certain to be influenced by whether U.S. media present the prisoners' release as a Communist turnaround or an effort to paint over the truth about the gulag that is China.

The Congress should demand a series of steps before extending the tariff breaks, which allow Beijing to subsidize corrupt or miserably inefficient government enterprises. Chinese freedom fighters plead for them: unconditional release of all political prisoners. Free emigration. Lifting the de facto martial law in Beijing and Tibet. Ending harassment of Chinese students in the United States and religious worshipers in China. Ending forced labor. A taste of freedom in the press and the universities.

We cannot force China's Communists to take these steps so frightening to despots.

But we can refuse to subsidize their economy until they do.

In Beijing, Communist officials hug the thought that the Gulf crisis has shifted American public attention from human rights in China. Congress and the press have the chance to show they are wrong.

So does every American who cares as much today about those youngsters around Tiananmen Square as the day they were shot down.

The New York Times.

America's Stake in Hong Kong Requires a Real Policy

By George Hicks

HONG KONG — Like the Cheshire cat from "Alice in Wonderland," the British are fast disappearing from Hong Kong. Even now, years before Hong Kong's handover to China in 1997, some people see only a lingering grin.

The British are satisfied. Their surrender of the empire's last major colony to China is approaching with scarcely a raised eyebrow from the rest of the world. Success in the handing over of six million free people against their will to a Communist tyranny, while maintaining the approval of the free world, shows British diplomacy at its most skillful. Even the killings around Tiananmen Square only slowed the process; everything is now back on schedule.

But what about America's stand on Hong Kong?

American and British interests may coincide in most parts of the world, but they diverge sharply in East Asia. This is because the British are on the way out, while the Americans are staying. As the region's policeman and guarantor of security from Japan to Australia, America has long-term commitments, while the British are mainly interested in a safe retreat.

U.S. economic interests in the region are incomparably greater than Britain's. Even in British Hong Kong, America's economic stake far exceeds Britain's. There are more than 900 American companies, employing a quarter of a million people, 10 percent of the work force. Americans own 158 factories and have invested $1.4 billion in manufacturing, accounting for a third of all foreign investment.

Hong Kong is the 14th largest U.S. export market, a major buyer of American high technology and among the top three markets for oranges, poultry and cigarettes. The American community, 20,000 strong, far outnumbers Britons.

And of course Hong Kong is the gateway to China for American trade — and American ideas.

Hong Kong's stability is rightly an American concern. Yet the United States has been a bystander in Hong Kong's transition, with little to say since 1984, when it was the first to endorse the "one country, two systems" premise of the Chinese-British declaration on Hong Kong's future.

Deference to China and Britain became the rule — to the point where U.S. consular staff were ordered to always sound optimistic on Hong Kong's future. This stance suited the interests of American businessmen but did nothing to advance America's nobler democratic ideals. U.S. policy on Hong Kong was not to have one.

Tiananmen Square made American silence morally untenable. Hong Kong became a central factor in U.S.-Chinese relations.

When China's most-favored-nation status came up for renewal last June, U.S. legislators had to weigh their desire to punish China for its savagery against the economic interests of Hong Kong and of Americans there.

To secure the recent UN Security Council ultimatum to Iraq, the United States felt compelled to reward China with Foreign Minister Qian Qichen's Washington visit — effectively ending its post-Tiananmen sanction against high-level contacts and arguably giving China a tactical edge.

And Mr. Qian, wasting no time, reasserted that human rights were an internal affair.

Meanwhile, in Hong Kong, there is much that cries out for American comment — comment springing from the framework of a real policy. Key provisions in the 1984 Chinese-British declaration have been perverted or ignored in the Basic Law, which will govern Hong Kong come 1997.

Britain has caved in whenever China disapproved. The longstanding promise of democratization has faded into a legislature with only one-third of its members to be directly elected in 1997 and only one-half in 2007. People under age 21 remain disfranchised. A fledgling bill of rights has been diluted beyond use. Only China's National People's Congress can amend and interpret the Basic Law. The list of controls goes on, giving the lie to Deng Xiaoping's "one country, two systems" formula.

Britain cannot wait to extricate itself. Lord Caithness, the minister responsible for Hong Kong, said as much when he pronounced that it is up to Hong Kong to revoke the statutory death penalty.

China cannot wait to step in. Its New China News Agency — mostly a policy enforcement "embassy" — muscles in on Hong Kong affairs regularly. Orderly Hong Kong demonstrations for democracy are considered subversive. Subversion can earn the death sentence in China; Lord Caithness's buck-passing carries treacherous implications.

Developments since 1984, and particularly since June 4, 1989, should have made it clear that until the United States sorts out its own complex stakes in Hong Kong and China and then forges its own Hong Kong policy, America will be stuck in a shamefully reactive role.

There are indications that this truth has hit home. "Hong Kong has become a factor in U.S. foreign policy considerations," said the U.S. consul general, Richard Williams, in a recent speech in New York. Mr. Williams pinpointed the Chinese-British declaration and the maintenance of Hong Kong's stability and prosperity as the basis of American policy.

He cited new immigration provisions, encouragement of American business in Hong Kong, support for Hong Kong's participation in international organizations and proposed bilateral legal agreements as key policy components. Most significantly, he said Americans supported the democratization of Hong Kong. These are all elements of a sound policy, long overdue. Now there must be a fuller elaboration much more widely and forcefully expressed.

The writer, an economist who lives in Hong Kong, edited "The Broken Mirror: China After Tiananmen." He contributed this to the Los Angeles Times.

For the California Nation-State, a Future Queen?

By David S. Broder

SAN FRANCISCO — Californians are nonchalant about the news of the Census Bureau's official confirmation this week of their status as the most populous and politically potent state in American history. They see it for what it is: one more instance of Washington catching up to the facts.

The 29.8 million people, the 52-member House delegation and the 54 electoral votes — one-fifth of those needed to elect a president — all give California more clout than any state has had since the beginning of the republic. And that power can only continue to grow. California passed New York in population to become No. 1 in the census of 1970. With the relative growth rates of the past decade, it will double New York in population in another 10 years.

All this underlines one of the strikingly neglected facts of post-World War II politics: While California has provided candidates for the Republicans' national ticket in seven of the last 10 presidential races (on the winning side all but once), California Democrats have not in the meantime furnished their party a single plausible national candidate.

That partisan imbalance — the Democrats' California talent drought — explains as much about the Republicans' postwar dominance of the White House as the withering of the New Deal coalition, the shift of the South's electoral votes from the Democrats to the Republican Party or any other factor one can mention.

What makes it all the more remarkable is that the Democrats have been competitive in California politics for a long time. It is 32 years now since Edmund (Pat) Brown Sr. won the governorship for the Democrats, and in that span, there have been only two years when Democrats did not occupy top statewide office — the governorship or at least one of the two Senate seats.

But the only Democrats to seek the party's presidential nomination — Edmund (Jerry) Brown Jr., as governor in 1976 and 1980 and Senator Alan Cranston in 1984 — ran so badly they damaged themselves at home.

I have a hunch that this pattern is about to change. On Jan. 7, Pat Brown, 85, will administer the oath of office to his daughter, Kathleen, 45, as the newly elected state treasurer. California will finally have a statewide Democratic official with the potential to be on the national ticket.

Kathleen Brown is at least two steps short of that status now — but she has more going for her than any other Democrat in office here. After being elected twice to the Los Angeles school board in the 1970s, she took her experience as a public-finance attorney into the 1990 treasurer's race and beat an able Republican incumbent, Tom Hayes. She was the only challenger in either party to oust a statewide incumbent.

Kathleen Brown's advantages are also her liabilities, she concedes.

She said at the outset of the race that her greatest advantages were also her greatest liabilities — "I am a woman, a Democrat and a Brown." But combining her mother's good looks, her father's charm and political smarts and her brother's skill as a media campaigner, she proved herself a formidable politician.

The office she won provides a fine, risk-free place for her to burnish her credentials while waiting for the next step. Most of Ms. Brown's contemporaries among California Democrats are eyeing the two Senate races that will be on the ballot in 1992 (with Mr. Cranston retiring and the person appointed by the newly elected Republican governor, Pete Wilson, to fill his Senate seat also facing the voters).

While they are competing against one another for funds and votes, Kathleen Brown will be in the happy position of managing California's huge state bond business, while kibitzing and on occasion criticizing Mr. Wilson's performance as governor. She can decide, in her own good time, whether to challenge him in 1994 or wait another four years, when she would be only 53.

Almost everyone who knows her expects her eventually to seek the governorship her father and her brother occupied for 16 years; the only question is when. If she succeeds in becoming the first woman governor of California and the first Democrat to win since 1978, she would have an obvious attraction to the national party.

Already, Ms. Brown talks in national terms. When I asked her about the term-limitation initiative California voters passed in November, over the vigorous opposition of leaders of the Democratic legislature, she replied: "I didn't support the initiative, but I sure identified with the voters' frustration with politics in Sacramento."

And then she added, deftly changing the subject: "I don't think supporting term limits helped Pete Wilson win, and I don't think it will help President Bush — any more than all that 'soak the rich' rhetoric you heard in October will help the Democrats. The real issue is competitiveness — how we hold our place in the world. Democrats should be talking about fairness, accountability and competitiveness. We need to be investing in our future. That's my focus for the next four years, managing California's investments."

Those investments, I suspect, may pay remarkable political returns for Kathleen Brown and perhaps give the national Democratic Party belated reason to rejoice at California's ascendancy.

The Washington Post.

After the Reformers, the Extremists, and After the Extremists . . .

By William Pfaff

PARIS — As the new year begins, revolution in the Soviet Union approaches that point when the rule of the moderates founders and that of the extremists begins.

Candidates for the extremists' role exist to both right and left of Mikhail Gorbachev: Elements in the army and the secret police, supported by a part of the established apparatus of the party, and on the other hand those reformist opponents of the Soviet president who gave him so hard a ride at the Congress of People's Deputies last week.

The Gorbachev revolution began in a seizure of conscience and acknowledgment of failure within the governing elite of the country, producing an effort to reform from within. Mr. Gorbachev has been attempting to make radical changes in Soviet society without destroying its fundamental institutions or the unity of the U.S.S.R.

What goes on resembles what went on in Russia between the general strike and abortive revolution of 1905 and the collapse of the provisional government of Alexander Kerensky in October 1917. Inconclusive attempts at moderate reform succeed only in destroying the authority and morale of the reformers while undermining the institutions of state power. In the current case the economic apparatus of the state has been crippled, with nothing put in its place.

The revolutionary forces set loose are disintegrative, while the reformers in Moscow must hold the union together if they are to keep the support of the main agencies of national power: the army, police and bureaucracy. This recalls Russia's experience between the Revolution in 1917 and the end of the Civil War in 1921, when Poland, Finland, the Baltic states, and subsequently (and in more confused circumstances) Georgia, the Transcaucasian republics, the Ukraine, and some Asian republics tried to break off from Moscow.

The Bolsheviks had initially approved national self-determination, assuming that the new republics would be communist; instead, the nationalist forces proved to be anti-Bolshevik. This combined with *foreign interventions to produce the* Civil War — which Moscow won.

Can the army or KGB run the country better?

The risk of national disintegration today, plus that of economic breakdown, threatens to provoke military or police crackdown. Crane Brinton, in his classic study, "The Anatomy of Revolution," observes that in each revolution a point arrives when the challenged central authority has recourse to force, but that *"in each case,"* — the italics are his — *"with a striking lack of success."*

His examples are the English Civil War, when Charles I failed to defeat the army hastily raised by Parliament in 1642; Britain's failure in the American Revolution to put down what in the beginning was a fairly haphazard series of local colonial rebellions; Louis XVI's failure to control rioting in Paris in July 1789; and finally, the breakdown of military discipline in Petrograd in 1917 that permitted the revolutionaries to seize power. Are Vladimir Kryuchkov, head of the KGB, and the Red Army's leaders capable of doing any better today? We may have the opportunity during 1991 to find out.

Order eventually is restored in revolutions, but typically the extreme revolutionists do it, not the reactionaries. Increasingly radical forces arise from the failures of the more moderate, eventually producing a reign of terror — one form of order — which in turn provokes eventual exhaustion and that other return to order described as "Thermidor," after the example of the French Revolution. That particular period of moderation ended in Napoleon's military dictatorship.

Another comparison is possible: that the revolution in Russia today is not a second Russian Revolution, nor a revolution within the Revolution, but the continuation of the first Revolution — which never had its Thermidor. There was a moderate period, that of the relatively liberal "New Economic Policy," between 1921 and Stalin's final consolidation of personal power in 1927, when Trotsky was expelled from the party and the Terror began.

One then can ask if Mr. Gorbachev's rule is not the long-delayed Russian Thermidor — a convalescence from revolutionary fevers. In that case one must quote Mr. Brinton again: "Politically, the most striking uniformity to be noted in the period of convalescence is the ultimate establishment of a "tyrant" in something like the old Greek sense of the word, an unconstitutional ruler brought to power by revolution or stasis."

There is a limit to how far any series of events can be explained or illuminated in terms of what happened elsewhere or at another time. Yet if any one conclusion can be drawn from reflection on what goes on now in the Soviet Union and what happened in comparable circumstances in the past, it is that the Soviet people are still a long way from the peace and democracy Mr. Gorbachev and other reformers have promised.

Dilemmas now dominate. No coup d'état by police and military can last if it fails to solve the economic problem. But the economy cannot be fixed through the command methods that caused it to stagnate and break down in the first place — and such are the methods of police and army.

The radicalizing reformers have to find a substitute for the command system, but the effort to find this in market methods must overturn a collectivist social tradition that dates to before the Bolshevik Revolution.

Whether the next rulers in Moscow are reactionary policemen and officers, new radicalizers or Thermidoran "tyrants," they confront those enormous obstacles to any success. One wishes the Soviet people a happy new year, but with no expectation that they will have it.

International Herald Tribune.
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100, 75 AND 50 YEARS AGO

1890: '20,000 Leagues'

PARIS — A submarine boat is being constructed at the Detroit Boat Works which promises to realise Jules Verne's dream of the Nautilus. The builders have been ordered to keep the matter quiet, but the design was submitted to Secretary Whitney, and he had about completed arrangements to build one when Mr. Tracy succeeded him and stopped the work.

1915: An American Idea

WASHINGTON — In the course of an address before the Pan-American Congress, Mr. Robert Lansing, Secretary of State, said that the Monroe Doctrine represented the national policy of the United States, while Pan-Americanism represented its international policy. Mr. Lansing added that while the motives of the different republics of the American continent were different, their ends were the same. "America," the secretary declared, "is the guardian of an idea which in the end will rule the world."

1940: London Inferno

LONDON — Using their new tactics of short, vicious thrusts, German raiders struck savagely at London last night [Dec. 29] and scourged this great city with fire bombs and high explosives incessantly for three hours, turning one section into an inferno in which thousands of firemen were toiling this morning, gradually mastering the flames. From Robert Emmet Sherwood's bridge the eastern skyline presented a Wagnerian spectacle, with the dome of St. Paul's Cathedral towering mightily against low-hanging clouds that merged with billowing smoke. Occasionally the great dome was blotted out by swirling masses of smoke. (Robert Emmet Sherwood, American playwright, wrote the play "Waterloo Bridge," which was produced at New York in 1930.)

— From the New York edition of the New York Herald Tribune.

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ECONOMIC SCENE

The Clouded Crystal Ball Reveals a Silver Lining

By Leonard Silk
New York Times Service

NEW YORK — What's ahead in the New Year? The crystal ball, clouded as usual, turns up items that include the proposed overhaul of the U.S. banking industry, the possible length and depth of the recession and the continuing effect of Gulf tension on oil prices and investor confidence.

• The Bush administration is backing an overhaul of the banking laws, written during the Depression, to permit American banks to compete aggressively all over the country and against giant international competitors.

The commercial banks would be allowed to move into investment banking, securities dealing, life insurance and other areas. They might even begin to play the dominant role in guiding big nonfinancial corporations, as they did in the 19th century.

> **The oil-price rise is 'insufficient to cause a steep recession.'**

Would this be a good thing for the U.S. economy?

David Hale, chief economist of Kemper Financial Services, said: "America abolished universal banking in the 1930s on the grounds that it represented a dangerous concentration of financial power and encouraged underwriting abuses. But as a result of the current banking crisis and the public dissatisfaction with Wall Street's stewardship of the corporate sector during the 1980s, the Congress may have to rethink the economic role of the banks."

The proposed changes in banking legislation, Mr. Hale suggests, raise some fundamental issues:

Would a bank-based form of capitalism encourage American business to take longer perspectives than the stock market brand of capitalism?

With the wider diffusion of information today, could universal banks dominate American finance in the 21st century as they did in the 19th century?

COULD WE achieve the long-term investment horizons provided by the bank-dominated form of capitalism, present today in Germany and Japan, without losing the flexibility and entrepreneurship of a form of capitalism driven by a stock market?

Mr. Hale's answer is to let the two forms of capitalism coexist in the United States by lowering the barriers between banking and commerce while creating fiscal incentives for American businesses to use more equity and less debt. And he foresees a wave of bank mergers in 1991 to head off failures.

• How long will the recession last?

Geoffrey H. Moore, director of Columbia University's Center for International Business Cycle Research, concludes that the current recession began in June. Since the eight preceding postwar recessions lasted six to 16 months, the odds are that if it is an exceptionally long recession, it will end in the final quarter of 1991, and if it is an average one, it does not have more than another quarter to run.

But William H. Tehan of the brokerage firm P.R. Herzig & Co., contends that the economy is not in a typical recession at all.

"Recession is the wrong description," he said. "The present situation, with its attendant financial deterioration, bears no resemblance to recession." The United States, he maintains, is in "a liquidity squeeze induced by a historically high level of debt combined with a sharp contraction in credit demand." And he argues that this is "an entirely different situation not seen in the U.S. since the early 1930s."

Another worrisome parallel with the 1930s is the strain on open trading relations and the threat of protectionism that followed the collapse of the Uruguay Round of trade talks earlier this month.

Richard McCormack, U.S. undersecretary of state for economic affairs, who played a part in the trade talks, said that before

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Nikkei Ends on Whimper

Rough Year Over On Tokyo Market

Compiled by Our Staff From Dispatches

TOKYO — In a grim reminder of one of the Tokyo stock market's worst years ever, share prices ended 1990 the way they began — lower.

Friday's drop brought the decline in the key Nikkei average to nearly 40 percent for the year.

"The realization that this year was a bad one all came out in the end," said Masahiko Tsuyuzaki, a trader at Tachibana Securities Co.

The Nikkei average fell 91.99 points, or 0.38 percent, to 23,848.71 at midday on Friday, the end of the last session for the year. The market will reopen for another half-day session on Jan. 4 before normal trading resumes on Jan. 7.

It was the first time the Nikkei failed to end the year higher since 1986, and the decline betrayed brokers' fragile hopes that the average would close above 24,000 points to provide a boost for next year.

Friday's decline brought the Nikkei's total fall for 1990 to 15,067.16 points, or 38.7 percent. That was the biggest yearly percentage drop since World War II, said Kunio Urakami, a senior adviser at Nikko Securities Investment Trust & Management Co.

The market has suffered from high interest rates, sluggish corporate profit growth, high oil prices in a country that imports virtually all its oil, jitters over the Gulf crisis and concern over politics in the Soviet Union.

While the immediate economic impact of the year's downward stock price spiral appears to have been slight, the falls have tarnished the image of a market that some believed could only go up.

"The crash/crumble of 1990 marked the end of an era, indeed the end of a whole investment culture," said Peter Tasker, analyst at Kleinwort Benson International Inc.

Traders said the Aug. 2 Iraqi invasion of Kuwait set the stock index tumbling, as investors became nervous about the Japanese economy.

For the rest of the year, the index tended to drop on reports of increasing tensions in the Middle East and recover on hopes for peace.

(Reuters, AP)

Workers' Voices in Discord

In Poland, Power to Fire the Boss Causes Some Alarm

By Stephen Engelberg
New York Times Service

PIASECZNO, Poland — When the Communist Party was in charge of Poland's state-run industries, it established employee councils in each company to give workers a voice, however illusory, in management.

Today, the Communists are gone, but their laws remain on the books and are being used to give workers a say in running their factories that would have been unthinkable in the 45 years this country was a socialist republic.

At the bright, modern-looking Polkolor company in Piaseczno, on the outskirts of Warsaw, the employee council dismissed the general manager and appointed its own chairman as acting chief executive.

It has also played an aggressive role in setting the terms for negotiations with Thomson Group, the French electronics giant that hopes to buy a substantial share in Polkolor, which produces television tubes.

Economists agree that Poland's prospects for economic improvement depend on the transformation to private ownership of such state-run enterprises, which still produce 80 percent of the country's industrial output. But they say the assertive employee councils have added a volatile element to a process already fraught with difficulties.

In some companies, the councils are resisting the layoffs that accompany change to private ownership. In others, it is the workers who are pushing hardest for an immediate end to the old system.

The confusion reflects the lack of a national consensus on what shape capitalism will take in a country where every citizen was once guaranteed a job.

"The transformation of this Communist concern has been extremely complicated by the legal environment that was created in Communist times," said Zygmunt Borek, manager of the Nowa Huta steel mill in Krakow.

Mr. Borek, who recently retained his post in a 20-18 vote of the employee council, said he planned to move ahead with a privatization plan that would eliminate workers' authority to hire and dismiss managers.

Jan Sidorowicz, acting manager of Polkolor, said, "I think that more or less 60 percent of these councils are bad for the enterprises."

Mr. Sidorowicz, former chairman of the employee council, was named to his new post in September after the council dismissed his predecessor. A former head of the Solidarity union, he plans to apply for permanent appointment next year.

In March, parliament for the first time gave the employee councils the right to dismiss managers unilaterally, without consultation with the Industry Ministry.

Through the first nine months of this year, chief executives were dismissed at 307 of Poland's 1,700 centrally run state enterprises, and more than 90 percent of these actions were initiated by employee councils, said Jan Golab, a spokesman for the ministry.

In 1989, when the councils were given some voice in running enterprises, 163 managers were dismissed, 44 at the behest of the councils. And in 1988, the last full year under Communism, 72 were dismissed, six because of the councils' actions.

Employee councils were created during unrest in Poland in 1956. Their powers were enhanced, at least on paper, in 1981, shortly before the imposition of martial law, and were further strengthened this year by parliament.

"Workers' self-management" was a rallying cry of Solidarity economists in the early 1980s, and

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Data Indicate U.S. Recession Is Deepening

By Lawrence Malkin
International Herald Tribune

NEW YORK — A picture of recession feeding on itself emerged Friday from a week of dismal U.S. statistics, helping to send the dollar into a sharp dive on the year's last full day of trading in financial markets.

The Commerce Department's list of leading indicators fell 1.2 percent in November, the fifth consecutive monthly drop in the government's main forecasting gauge. Eight of the eleven components fell, with the sharpest drops in consumer-goods orders, key materials prices and unfilled orders.

The Purchasing Management Association of Chicago reported a drop from 45.1 to 41 for its December barometer, which tracks conditions at 200 industrial businesses in the manufacturing heartland around Chicago. All components were well below the level of 50 that indicates a slowing economy.

The stock market was off slightly and bonds were steady, but many traders had left for the holidays and more stayed home because of a snowstorm in New York.

A thin foreign-exchange market began to pay less attention to Middle East anxieties and Soviet uncertainty and more to economic fundamentals, however.

Traders dumped dollars after the release of the indicators, which suggested that no end is in sight to the downward spiral in the U.S. economy and led many dealers to anticipate further cuts in interest rates.

The dollar dropped initially by about two pfennig against the Deutsche mark and by about one yen, stabilized during the morning, then fell again. It closed at 1.4930 DM, down from 1.5260 at the close Thursday, and at 134.85 yen, down from 136.40.

In London earlier, the dollar closed at 1.5020 DM, down from 1.5305 on Thursday, and at 135.50 yen, down from 136.55.

Figures released during the week showed a broad economic decline. November durable-goods orders dropped 10.5 percent, which equaled the 32-year record drop set in January. Much of the decline was in the volatile transportation industry, but without that, the drop was still 3.6 percent.

The Conference Board's index of consumer confidence stabilized in November at a historically low level of 61.3 percent. This was far below July's reading of 101.7 and pointed to a slump led by a decline in consumer spending, the board said.

A report on the depressed construction industry by F. W. Dodge showed the value of new contracts at a five-year low.

"We are moving into a self-reinforcing decline, in the sense that weakness of output cuts incomes, which cuts spending, which cuts output again," said Robert Dederick, chief economist of the Northern Trust Co. in Chicago.

Cynthia Latta of DRI/McGraw Hill saw a similar linkage, using the term "feedback" to describe how slowing orders cut production, which raises inventories, which cuts production again.

Allen Sinai of Boston Co. Economic Advisers said, "A cumulative downward spiral like this is typical of the early phases of a

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UIC President Sells Major Stake to Liem

By Michael Richardson
International Herald Tribune

SINGAPORE — The head of United Industrial Corp. stunned the investment community on Friday by selling most of his holding in the Singapore property company, a move that analysts say will strengthen his bid to gain a large stake in Honshu Paper Co. of Japan.

Oei Hong Leong, president and chief executive of UIC, reduced his holding from about 22.5 percent to 4.7 percent, selling 182 million shares to KMP Pte. for 291.2 million Singapore dollars ($167.3 million). Analysts said KMP is controlled by Liem Sioe Liong, who is founder of the Salim group, Indonesia's largest conglomerate.

Both Mr. Oei and Mr. Liem, who now becomes the largest shareholder in UIC, have company interests and family ties in Indonesia.

Mr. Liem is a close friend and business associate of the family of President Suharto of Indonesia. The Salim group includes more than 200 companies stretching from Indonesia to Hong Kong, Singapore and the United States, with diverse interests including chemicals, cement, automobiles, property, trading, finance and food manufacturing and distribution.

An earlier plan for a complex share swap that would have seen Mr. Liem emerge behind Mr. Oei as the second-largest shareholder in UIC was called off Dec. 21 after queries from stock exchange officials and opposition from some major shareholders of Marina Center Holdings, an associate of UIC, whose approval was needed.

Analysts said the new deal does not involve Marina Center, and is likely to be completed.

They said the new deal, in which Mr. Oei was evidently a willing seller, would give Mr. Liem control of just under 25 percent of UIC, which has interests in shipping and manufacturing as well as real estate.

Under Singapore takeover regulations, anyone acquiring more than 25 percent of a listed local company must make a general offer for the remaining stock at the highest price he has paid in the past 12 months.

According to a statement issued by Citicorp Investment Bank (Singapore) Ltd. on behalf of UIC, Mr. Oei sold his shares to KMP at 1.60 Singapore dollars per share. While stepping down as president and chief executive, Mr. Oei will remain as a director of UIC and accepted an appointment as nonexecutive vice chairman of the company.

The statement said that KMP had indicated its purchase was a long-term investment and that it has no intention of changing the present management of the company or making a takeover offer. Nor would KMP seek representation on the board of UIC for the time being, it said.

The statement was issued after the stock market closed. UIC shares finished three cents down on the day, at 1.24 dollars.

James Bax, managing director of Baring Securities (S) Pte. in Singapore, said the deal gives Mr. Liem "effective control of one of the largest owners of commercial prop-

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Japan Lifts a Corner Of the Corporate Veil

Rules Will Help to Fix Firms' Worth

By James Sterngold
New York Times Service

TOKYO — Foreign-investment experts active in the Japanese stock market have long said that following rumors could be more important than serious research, since companies disclose so little solid information.

"It has always been part of the fun of this market that even if you started a rumor, nobody could disprove it," said Robert G. Zielinski, an analyst at Jardine Fleming Securities and co-author of a recent book that is critical of the Tokyo market for consistently benefiting companies at the expense of their shareholders. "You could never calculate the real net worth of any company."

In the last few weeks, the Finance Ministry has instituted several measures that may start to change that. Giving investors a rational basis for selecting stocks has been taken for granted on Wall Street for decades, but is a potentially historic shift here.

The most recent change, announced on Tuesday, will force companies and banks to report the gains or losses on their portfolios of securities, as well as futures and options holdings. They will have to provide the current market value of their holdings at the end of the fiscal year, March 31.

Those portfolios have been a crucial means by which companies, banks and other financial institutions conceal hidden reserves of cash — or, as in the last year of falling share prices, mounting losses. For instance, Mr. Zielinski estimates that as a group the major Japanese banks have lost about $15 billion on their bond holdings.

"We'll finally really know which banks are good at trading and which are not," said Robert Alan Feldman, an economist with Salomon Brothers Asia.

The ministry has also enacted a rule to force affiliated companies, members of corporate families known as *keiretsu*, to disclose more about intra-group transactions.

Earlier this month, a rule took effect that obliges investors to report holdings of 5 percent or more in a company, a measure similar to the 13D disclosure rule in the United States.

This last rule has already caused several sensations: T. Boone Pickens, the Texas financier, was forced to disclose that he got the money to acquire a major stake in Koito, a maker of auto parts, from a Japanese raider, and several other companies discovered that some of their biggest shareholders were investment groups controlled by organized crime families.

By themselves, none of the rule changes will radically alter the view that only a small number of Japanese insiders have access to accurate data on corporations' financial status. But they are regarded as representing a trend that, most foreigners hope, will gain momentum.

"This is a new step forward, and an important one, but not the last," said a Finance Ministry official involved in instituting the measures.

These changes follow last year's tightening of laws against insider trading. In the long run, however, the changes in the disclosure rules may have a greater impact, because few expect the insider trading rules to be rigorously enforced against everyone. Manipulation and insider trading are widely seen as too important to political fund-raising to be halted.

Although banks and other companies have at times objected to greater disclosure, they have muted their protests now because many of Japan's larger corporations want to gain access to foreign capital markets with stricter standards.

When Mitsubishi Bank decided to seek a listing on the New York Stock Exchange last year, for example, it had to issue a disclosure document with data never made available to Japanese investors.

The latest rule change, requiring listed companies to disclose the value of their securities portfolios, is to be phased in. That could provide banks in particular with a critical advantage.

As of March 31, they must report the market value of their holdings of stocks, bonds that are convertible into stock and bonds that come with warrants or options to buy stock later at a preset price.

But companies need not report their considerably larger holdings of regular bonds, including government bonds, until March 31, 1992.

CURRENCY RATES

Cross Rates

Dec. 28

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.69	3.265	1.1282	0.3312	0.1495 *	—	5.456 *	1.3301	1.2592 *	1.467	1.768 *
Brussels	31.18	59.5125	20.67	6.074	2.742 *	18.3195	—	24.34	0.2292	26.85	32.538 *
Frankfurt	1.5149	2.98	—	0.2939	0.1327 *	0.8863	4.856 *	1.172	1.112 *	1.3055	1.546 *
London (a)	1.9775	—	2.9798	9.7793	2,168.50	3.3600	58.585	2.4515	N.A.	2.2263	184.00
Madrid	96.907	182.872	63.895	18.767	8.47 *	56.57	3.0915	74.88	71.41 *	83.36	—
Milan	1,138.35	2,168.50	754.89	221.38	—	668.35	36.480	882.32	8.367	981.40	11.795
New York (b)	—	1.9295 a	1.498	5.0795	1,126.50	1.6840	30.825	1.2735	134.85	1.1598	96.195
Paris	5.129	9.884	3.4025	—	0.4516 *	3.0151	0.1647	3.9888	3.7715 *	4.415	5.324 *
Tokyo	136.75	258.12	89.61	26.36	0.1188	79.47	4.3413	105.19	—	117.76	1.4082
Toronto	1.1680	2.2374	0.7764	0.2282	1.03 *	0.6884	3.74 *	0.9104	0.8683 *	—	1.217 *
Zurich	1.302	2.4559	0.8552	0.2507	0.1124 *	0.7583	4.1448 *	—	0.9487 *	1.1803	1.3363 *
1 ECU	1.3526	0.7009	2.0421	6.9481	1,537.07	2.304	42.2182	1.7465	183.273	1.5697	130.523
1 SDR	1.4233	0.7441	2.141	7.2409	N.Q.	2.4012	N.Q.	N.A.	192.494	1.6299	136.963

Closings in London and Zurich, fixings in other centers; New York closing rates, Toronto rates at 3 p.m.
a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	4880.0	Greek drac.	158.70	Mex. peso	2948.00	S. Afr. rand	2.5725
Austral. $	1.302	Hong Kong $	7.8035	N. Zealand $	1.7109	Soviet ruble*	0.564
Austr. schil.	10.61	Indian rupee	18.348	Norw. krone	6.01	Swed. krona	5.72
Brazil cruz.	157.10	Indo. rupiah	1889.00	Phil. peso	27.80	Taiwan $	26.64
Chinese yuan*	4.72	Irish £	0.5648	Port. escudo	134.20	Thai baht	25.30
Danish krone	5.90	Israeli shek.	2.0283	Saudi riyal	3.7495	Turkish lira	2930.00
Egypt. pound	2.8736	Kuwaiti dinar	n.a.	Sing. $	1.75	UAE dirham	3.6727
Fin. markka	3.61	Malay. ring.	2.704	S. Kor. won	716.60	Venez. boliv.	50.60

New York rates unless marked * (local rate.)

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9049	1.8958	1.8876	Canadian dollar	1.1615	1.1654	1.1683
Deutsche mark	1.4987	1.4964	1.4938	Japanese yen	134.95	134.91	134.82
Swiss franc	1.2799	1.2784	1.2771				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Dec. 28

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	7½-7⅝	[illegible]	[illegible]	14⅛-14¼	[illegible]	[illegible]	10⅛-10¼	n.a.
2 months	7½-7⅝	9⅛-9¼	[illegible]	14⅛-14¼	[illegible]	[illegible]	[illegible]	—
3 months	[illegible]	9¼-9⅜	[illegible]	13⅞-14	[illegible]	8⅛-8¼	[illegible]	—
6 months	[illegible]	[illegible]	[illegible]	13¼-13⅜	10⅛-10¼	[illegible]	[illegible]	—
1 year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7⅝-7¾	10⅛-10¼	—

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Dec. 28

	Close	Prev.
United States		
Discount rate	6.50	6.50
Prime rate	10.00	10.00
Federal funds	7½	7.00
Comm paper 30-179 days	6.85	6.85
3-month Treasury bills	6.43	6.48
6-month Treasury bills	6.52	6.58
1-year Treasury bills	6.46	6.51
30-year Treasury bond	8.31	8¼
2-month CD's	7.10	7.10
3-month CD's	7.05	7.05
Japan		
Discount rate	6.00	6.00
Call money	8 3/32	8 3/32
2-month interbank	8 3/32	8 1/16
3-month interbank	8 3/32	8 1/16
Germany		
Discount rate	6.00	6.00
Lombard rate	8.50	8.50
Call money	8.55	8.55
1-month interbank	9.10	9.15
3-month interbank	9.25	9.20
6-month interbank	9.35	9.25
Britain		
Bank base rate	14.00	14.00
Call money	14¼	14½
3-month interbank	14.00	14.00
6-month interbank	13 7/16	13 7/16
France		
Intervention rate	9¼	9¼
Call money	9⅝	9 7/16
1-month interbank	9 13/16	9 15/16
3-month interbank	10 1/16	[illegible]
6-month interbank	9 5/16	[illegible]

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Dec. 28

1 month	[illegible]
2 months	[illegible]
3 months	[illegible]
6 months	[illegible]
1 year	[illegible]

Source: Reuters.

U.S. Money Market Funds

Dec. 28

Merrill Lynch Ready Assets
30-day average yield: 7.35
Telerate Interest Rate Index: 7.538
Source: Merrill Lynch, Telerate.

GOLD

Dec. 28

	A.M.	P.M.	Ch'ge
Hong Kong	384.95	385.35	+0.72
Luxembourg	385.50	—	+1.00
Paris (12.5 kilo)	388.41	389.93	+5.95
Zurich	385.35	386.35	+3.00
London	385.40	386.20	+2.40
New York	—	393.75	+9.80

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Leveraged Capital Holdings N.V.

The Quarterly Report as of 30th September 1990 has been published and may be obtained from:
Pierson, Heldring & Pierson N.V.
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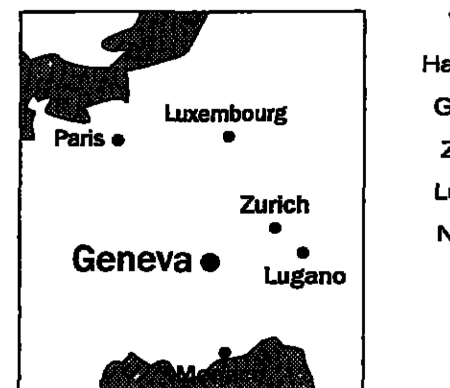
You can reach us in:
Geneva 41.22.21.04.55
Zurich 41.1.261.40.70
Lugano (CCM Banca di Credito Commerciale e Mobiliare) 41.91.22.72.12
Monaco 33.93.30.97.00
Luxembourg 352.46.36.491
Paris (International Branch) 33.1.40.70.70.40



We recently acquired Handelsfinanz CCF Bank:
Geneva 41.22.28.54.44
Zurich 41.1.202.66.20
Lugano 41.91.22.84.22
Nassau 809.32.88.644

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Grand New Exit for the Uffizi

By Susan Lumsden

FLORENCE — One of the oldest museums in the world but the least oppressive, the Uffizi Gallery, is to be renovated after 409 years. The architect, Giovanni Michelucci, 99, is possibly the world's oldest active architect. He came to fame in 1933 when Mussolini unexpectedly chose his Rationalist design for the still-striking Florence train station.

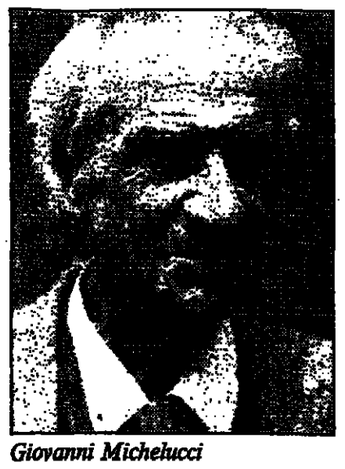
In the ensuing battle between Rationalism and Monumentalism that cleared the way for Italian Modern, Michelucci was in and out of official favor. Mainly out, he has conceded, until his church of St. John the Baptist, better known as La Chiesa dell'Autostrada, loomed up like a sailboat, in 1964, alongside the Autostrada del Sole north of Florence.

Michelucci's long comeback has involved radical if no longer Rationalist banks, churches, prisons, a sports center, thermal spa and, most recently, the renovation of the Piazza Garibaldi in hilltop Fiesole, where he has lived for the past 25 years contemplating, often in anguish, the city of the Renaissance.

Frequently called the last of the great modern architects whose ranks include Wright, Le Corbusier, Mies van der Rohe, Saarinen and Fuller, Michelucci's style is constantly evolving.

His 100th birthday on Jan. 2 is the occasion for concerts, conferences, publications and, of course, exhibitions. The first in Florence currently features his designs and a model for the New Uffizi in the exit foyer of the grey and white Mannerist gallery.

Designed in 1560 by Giorgio Vasari as administrative offices, or *uffizi*, for the ruling Medici family, the second floor was roped off by Francesco I in 1581 for the family's incomparable collection of art and antiquities, including works later repatriated from the Villa Medi-



Giovanni Michelucci

ci in Rome and other Medici villas around Florence. Royal visitors and lesser guests were given free run of the gallery which took its name from the luminous, glassed riverfront "gallery" added in 1586 by Bernardo Buotalenti.

By 1591, the first Continental travelers could request and usually be given entrance to the Uffizi Gallery. Before the turn of the 17th century, it was a required stop on the Grand Tour. With today's mass tourism, the number of visitors to the Uffizi has leapt from 100,000 annually in the late 1950s to 1.1 million in 1989. Summer waiting lines are said to begin at dawn although gallery hours have recently been extended to 7 P.M. and tickets to 10,000 lire (about $8.50), a tenfold increase in 10 years.

With the removal to the Piazza Beccaria in 1989 of the state archives, the last remnant of the original uffizi, space finally became available in the gallery. A renovation plan was requested of Michelucci who had worked on the restructuring of individual rooms in the gallery in the 1950s. While Vasari intended his late Renaissance structures to contrast and frame the 13th century Palazzo Vecchio and neighborhood, Michelucci has chosen to recapture at least the medieval spirit of the original site.

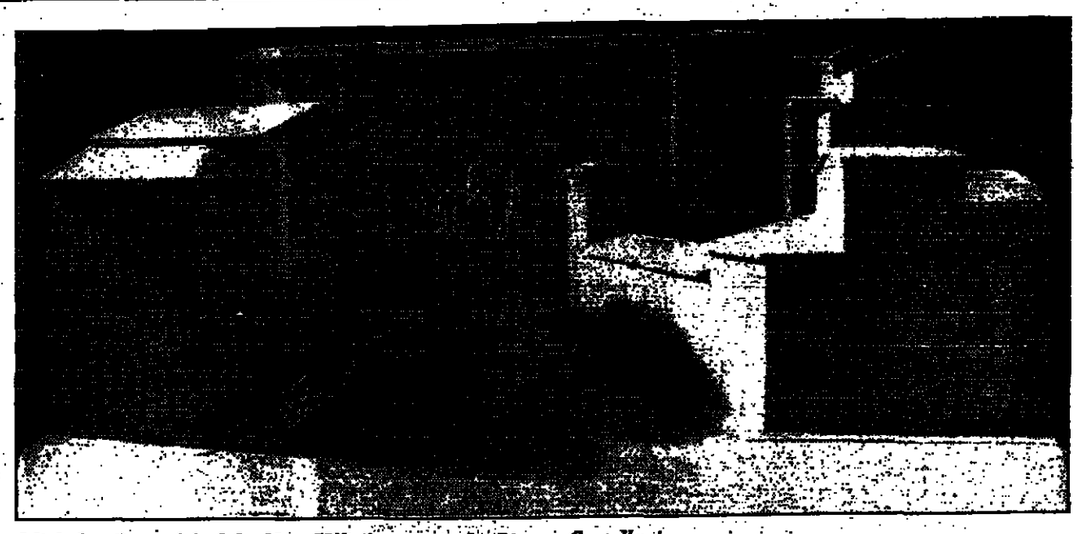
Rather than a grand new entrance in the manner of the Louvre pyramid, Michelucci has projected a grand new exit in a glass prism overlooking the Piazza Castellani, currently a parking lot and peddlars' turf behind the Uffizi. The plan is in keeping with the "rigorous conservative restoration" called for by the Uffizi's director, Annamaria Petrioli Tofani.

A ramp with a fountain, such as must have been there centuries ago, will link the old gallery to its new prism and piazza, says Michelucci. It will offer visitors a place in the sun, a moment to ponder the art they have seen or simply write a postcard before returning to the 20th century.

From a distance, Michelucci sees his design as "a precious lantern detached like a quartz crystal or diamond, a door to a fabled world." With its spires and cusps, the prism or lantern will echo the medieval frames within. By night, adds the architect, "the light within will heighten the sense of fable and mystery."

More scholarly features of the New Uffizi include: an audio-visual center, a diagnostic center to be operated with the University of Florence engineering faculty, conference rooms and an improved alarm, lighting and air conditioning system. A souvenir and bookshop will be placed more logically at the exit. The main beneficiary of the liberated spaces will be the art which will be hung and stored "at a more moderate rhythm," in the words of the director.

The big Botticellis, for example, will be hung four to a room rather than the current density which hardly befits the Birth of Venus or La



Michelucci's model of the New Uffizi's exit on the Piazza Castellani.

Primavera. More recent donations, like the Contini-Bonacossi Collection, will be taken from temporary shelters in the Palazzo Pitti to be shown in the New Uffizi. The plan only awaits approval by the city of Florence, which owns the Piazza Castellani.

The second birthday exhibition: "Michelucci For the City: The City For Michelucci" runs from Jan. 26 through Feb. 16 in the Palazzina Reale at the railroad station. Michelucci and his students submitted a design to Mussolini, which was chosen over the entries of the best-known architects of the era.

As well as architect and professor, Michelucci has been an inspired designer as the curator and architect Bruno Sacchi shows in the section entitled "La Felicita del Disegno" (The Happiness of Drawing), containing 160 Michelucci drawings from 1987 until the present.

Another section, "La Citta Continua," (The Continuing City) offers the many proposals the architect has made for Florence since 1938, including the ones that were rejected. With the aid of computers, the exhibition will feature drawings of Florentine neighborhoods as they would appear now had Michelucci's designs been accepted.

One project close to the heart of Michelucci involved the postwar rebuilding, by others, of the bombed Borgo San Jacopo and the Via dei Bardi in a manner that mocked the original and ignored the future. "Florence, the mummified city," Michelucci wrote, "should regenerate itself before deteriorating to the point of memory loss."

Born in nearby Pistoia into a family of accomplished artisans, Michelucci has had the intelligence or humility of not being trapped by the glorious Florentine past and the humility or intelligence of not taking on foreign commissions from whose cultures he felt distant. He writes in "The Boundaries of the City," a collection of his essays published for his centennial: "I am not particularly fond of regionalism or folklore or styles, be they courtly or primitive. *But I am always fascinated by moments in* which old traditions which are nearly sclerotic come into contact with others which are also on the road to extinction and by interacting, give rise to a new culture."

Choosing the quieter confines of his garden now, Michelucci, a widower with adoring students of all ages, once gave a visitor his formula for regeneration: "Three walks a day, lots of fruit and vegetables, little meat and never ever indulge in boredom."

The Uffizi Gallery will be closed Dec. 31 and Jan. 1 but will reopen Jan. 2. Other Michelucci exhibitions are scheduled for the universities of Bologna and Geneva later in 1991.

Susan Lumsden writes about the arts from Florence.

A Golden Age For Urban Art

French Stress Livability

By Michael Gibson
International Herald Tribune

PARIS — A few dedicated people, working within the labyrinths of the French administration, have managed to bring artists and town planners together over the past 10 to 15 years and to create districts and even entire cities that are attractive and livable.

French suburban architecture in the '50s was a nightmare of anonymity and hopeless vistas. Buildings were supposed to be functional, which usually meant mass-produced and easy on the budget.

In the '60s, architects working on public buildings were required to set aside 1 percent of the state's share of the budget for works of art. In practice, this meant that a mosaic or a low relief was thrown up on the end wall or a stainless steel doughnut placed on a pedestal before the main entrance. The effect, residents contended, was like an air freshener that, instead of dispelling the smell of cooking, gave you violet-scented french fries.

The events of May 1968 brought on some unexpected changes. The art world was in ferment, ideas of merit emerged, and when the government started building new cities from scratch, town planners were brought in. What makes a town livable, they contended, is not just the quality of its individual buildings, but the environment, the overall arrangement of urban space.

Such views made them receptive, most of the time, to the ideas upheld by such small but influential institutions as the Groupe Central des Villes Nouvelles, which pushed through new regulations allowing the 1 percent budget to be allotted as a lump sum to improve the immediate surroundings.

In this situation, artists were asked to work as full partners on architectural projects.

The sculptor Gérard Singer, who only recently completed a reflecting pool cum canyon in front of the Bercy stadium in Paris, was among the first artists to submit a proposal for a suburban housing project that integrated art with architecture. That was in 1972, and the idea seemed novel at a time when orthodox dogma required buildings to be purely functional. Singer's project was not built, but others eventually were.

Things were ripe for change. In 1974, for instance, work was halted on the Fiat building that was then under construction in La Défense, a site that had originally been conceived as a vast array of identical buildings. But as the Fiat structure began to rise above the skyline, officials feared it would mar the uniformity of the project.

The matter was taken to President Georges Pompidou, who allowed building to proceed. As a result, La Défense's redeeming feature is the diversity of its buildings.

That same year, Germain Viatte, who is now director of French Museums in the Provinces, appealed to artists, inviting them to come up with suggestions aimed at humanizing La Défense. Some monumental works of art, a Calder and a Miró among them, were installed, and while they were obviously of better quality, they did not do significantly more for the site than would have the old 1 percent doctrine.

A new concept was needed, and it turned out that quite a few artists were in a position to offer it. Those who responded to Viatte's appeal demonstrated that artists are more than the cosmetic experts architects had generally imagined. They often showed a good understanding of the overall organization of space and offered solutions to problems.

Town planners, who are concerned with space rather than with individual buildings, were among the first to realize that certain artists could be ideal collaborators. Some of the most striking applications of this notion would gradually be made in the villes nouvelles, the nine towns of up to 200,000 inhabitants built from scratch.

The linchpin of this new form of collaboration turned out to be a small body headed by two persuasive and dedicated women, Monique Faux of the Ministry of Culture, and Sabine Fachard of Ville Nouvelles. They were put in charge of arts policy of the Groupe Central des Villes Nouvelles set up in 1968, and though they did not have a single franc with which to finance works of art, they knew how to bring people and institutions together and persuade them to get things done.

SUCH artists as Jean Dubuffet, Shamai Haber, Vassilakis Takis, Piotr Kowalski, Nils-Udo, Nissim Merkado or the team of Shusaku Arakawa and Madeline Gins were solicited. Dubuffet's monumental project for La Défense was ultimately shelved, but other artists executed a variety of ambitious projects.

Marta Pan was asked to infuse some sort of identity into the pedestrian street running down from the Brest town hall to the seafront. Brest, on the furthermost tip of Brittany, had been destroyed by bombs during World War II, then rebuilt in the purest postwar Architect's Anonymous style. To remedy this as far as possible, Pan created an underground river that can be glimpsed at intervals all along the street, through broad openings containing geometric sculpture-fountains made of granite.

"The opportunities of town planning," Faux said, "appeared at precisely the moment when artists themselves were ready for them. Ten years earlier we would not have obtained the same results."

A book documenting these developments was published by Skira in the fall under the title "L'Art et la Ville." It deals quite comprehensively with the work of 16 artists and presents their most outstanding projects. About 30 works of relative importance and significant quality have resulted from this venture, but hundreds of lesser ones have also been completed.

An exhibition currently traveling in Japan presents photographs and scale models of some of the major works. Recently in Fukuoka, it will go to the Museum of Contemporary Art in Sapporo (Feb. 1-March 17), the Prefectural Museum of Art at Yamanashi (April 6-May 12), then to Yokohama.

Marta Pan's street in Brest, showing a series of openings to the underground river.

Luddites Awake: The Machine as Art and Monster

By Malcolm W. Browne
New York Times Service

KATONAH, New York — Since the Industrial Revolution, people have been alternately charmed and repelled by machines, perceiving beauty and horror in the gleaming curves of an engine or in the smoke billowing from a factory chimney.

The ambivalent symbolism of machines as art, as monsters, or as both is the theme of the inaugural exhibition at the new Katonah Museum of Art. Katonah is in Westchester County north of New York City.

The provocative exhibition is named "The Technological Muse," but it is not about technology per se. In a very broad way, the show tries to depict human activity as it is touched by technology.

Thus, for example, it suggests the impact of photography on art by including an engraving by Winslow Homer of a Confederate sniper seated on a tree branch; the starkly realistic style of the picture is supposed to reflect the influence of the new photographic technology that developed during the Civil War.

The show includes examples of an artistic school whose practitioners see beauty in machinery. A particularly striking sample is a 1930 silver-gelatin photograph by Ralph Steiner, lent by the Metropolitan Museum of Art.

The subject of Steiner's portrait is Louis Lozowick — an artist who often painted machinery — posed against a maze of huge gears. The serene, thoughtful expression of the painter and the picture's pleasing composition seem to suggest a harmonious coexistence of mankind and its mechanical progeny.

A few items in the exhibition, which brings together the works of 86 famous and not-so-famous American artists of the 19th and 20th centuries, are simply anti-technology clichés.

A derelict delivery truck standing on concrete blocks in the museum's sculpture garden, arranged by the artist John Fekner, is stenciled with the label "Industrial Fossil."

But most of the paintings, photographs and objects seem to offer whatever meaning or message a viewer chooses to ascribe to them. Typical of this group is an Expressionist oil painting by David Kapp, depicting an oncoming car at night on a rain-slicked highway.

The painting is strikingly beautiful, but if so minded, a viewer might regard the oncoming car as a threat posed by technology.

The museum opened in its new building — designed by Edward Larrabee Barnes — last month. The museum has no permanent collection, but plans to mount five exhibitions a year. The opening show, which fills two large galleries, a sculpture garden and some smaller rooms, will remain at the museum through Feb. 3.

THE Katonah Museum is not the first to look at the ambiguity of machines; Art Deco ball-bearings and their kin, idealized as icons of progress or as nightmares, have filled galleries at the Museum of Modern Art and the Guggenheim and Whitney museums, among others.

Some historians, in fact, trace the inception of Dada — one of the seminal artistic movements of the 20th century — to the machine gun of World War I; by creating art that ridiculed technology as well as itself, Dada sought to draw technology's lethal sting.

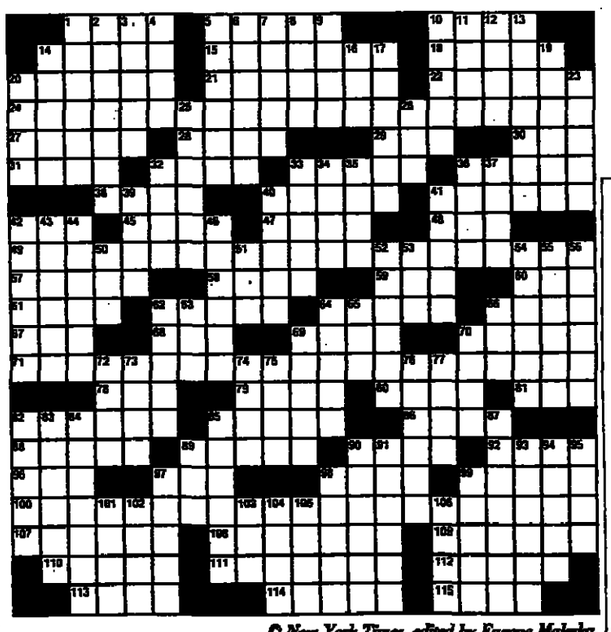
There is a strong echo of Dadaism in some of the paintings, collages, sculptures and other objects selected by the organizers of the Katonah exhibition.

A section of the show called "Machinery Domesticated: The Machine Enters the Home" features furnishings inspired by machinery; a 1928 lamp by Walter von Nessen, for example, suggests the contours of a rocket nozzle.

But the visitor is also confronted by a generously upholstered armchair, normal in all respects except that its headrest and arms are studded with three-dozen outward-pointing revolvers.

Whether intended as a symbol of paranoid society or a Dadaist joke, the "Arms Chair," as the artist Paul Ludick calls his creation, typifies many of the enigmatic objects displayed.

Promises, Promises By Nancy Scandrett Ross



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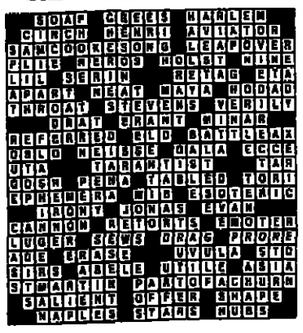
ACROSS
1 Dines late
5 Munch
10 Tribulations
14 Nedda's husband
15 Finery
18 Fainéant
20 Errors at *Wimbledon*
21 Pericles and Cicero
22 Actress Piper
24 Start of a verse
27 Singer Laine et al.
28 Stengel's wife
29 Composer —— Hoffmann: Inits.
30 Suitable
31 Deadeye and Rackstraw
32 Bull fiddle
33 "Lakmé," e.g.
36 *City* NW of Leipzig
38 Harrow's rival
40 Institute in Brooklyn
41 Ross and Palmer
42 Mil. address
45 Endings for lobby and palm
47 Pearl Mosque site
48 Japanese salad plant
49 Verse: Part II
57 —— Bell (Emily Brontë)
58 Shabby
59 The least bit
60 Popular aperitif
61 Greenish blue
62 Prospero's servant
64 Cautious
66 Greek Juno
67 Bowler or boater
68 Neighbor of Md.
69 Secular
70 Jeans fabric
71 Verse: Part III
78 "But is it —— ?"
79 Composer Khachaturian
80 Bridge bid
81 Draft org.
82 Nettles
85 *Streetcars*
86 Command to Gabriel
88 Peep show
89 Euripides tragedy
90 Twofold
92 Curly coiffure
96 Syr. neighbor
97 Australian isl.
98 Louis challenger
99 J. F. Cooper subject
100 End of verse
107 Strict
108 Part of G.P.A.
109 Some women's fashions
110 Less well done
111 Ancient chipped stones
112 Tam-tams
113 Ayers and Hoad
114 Loamy deposit
115 Pulitzer Prize playwright: 1953

DOWN
1 Limoges item
2 Let go
3 Cores
4 Middling
5 Throngs
6 Cousins of hammerheads
7 Guam's capital
8 Marshal Dillon
9 Drop heavily
10 One of the Flintstones
11 Anita or Alan of songdom
12 Jewish month
13 Soap operas
14 Arum lily
16 "De ——," Seneca essay
17 Postulate
19 Like breeze-kissed water
20 Reality
23 Adlai's *running* mate: 1956
25 Camper's shelter
26 Dep.
32 Greenish-yellow pear
33 E. Power Biggs's instrument
34 Henry's last Catherine
35 State of France
36 Lamarr of films
37 At the *summit*
39 Involuntary contractions
40 Kind of bull
41 Causing jolts
42 "... the rat / That —— malt"
43 Knight's weapon
44 Flattened at the poles
46 Metaphor's cousin
50 Trouble
51 Comprehend
52 Plants resembling spinach
53 Remote
54 Indehiscent fruits
55 Night's brightest star
56 Birds of passage
62 Mine entrances
63 Domicile: Abbr.
64 Soothes
65 Towel word
66 The bottom line, to Blass
69 Vicuña's cousin
70 Salesman's car, frequently
72 Appraise
73 Ontario Indian
74 Guardian's concern
75 Dies ——
76 Role in "King Lear"
77 Weary
82 Southern dish
83 Bacon portion
84 Advent
85 Seed coats
87 Banshee's activity
89 Actress Clarke of old films
90 Kneaded mixtures
91 Save
93 Projecting rim
94 American Beauties
95 Mel and Ed of baseball
97 Shea areas
98 Jalopy
99 Post used in air races
101 Parched
102 Teen detective of fiction
103 —— Levi (Yves Montand)
104 Market
105 Chamber-music piece
106 O. Henry title word

Solution to Last Week's Puzzle



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International Herald Tribune.
BUSINESS / FINANCE
** SATURDAY-SUNDAY, DECEMBER 29-30, 1990
Page 7

ECONOMIC SCENE

The Clouded Crystal Ball Reveals a Silver Lining

By Leonard Silk
New York Times Service

NEW YORK — What's ahead in the New Year? The crystal ball, clouded as usual, turns up items that include the proposed overhaul of the U.S. banking industry, the possible length and depth of the recession and the continuing effect of Gulf tension on oil prices and investor confidence.

• The Bush administration is backing an overhaul of the banking laws, written during the Depression, to permit American banks to compete aggressively all over the country and against giant international competitors.

The commercial banks would be allowed to move into investment banking, securities dealing, life insurance and other areas. They might even begin to play the dominant role in guiding big nonfinancial corporations, as they did in the 19th century.

The oil-price rise is 'insufficient to cause a steep recession.'

Would this be a good thing for the U.S. economy?

David Hale, chief economist of Kemper Financial Services, said: "America abolished universal banking in the 1930s on the grounds that it represented a dangerous concentration of financial power and encouraged underwriting abuses. But as a result of the current banking crisis and the public dissatisfaction with Wall Street's stewardship of the corporate sector during the 1980s, the Congress may have to rethink the economic role of the banks."

The proposed changes in banking legislation, Mr. Hale suggests, raise some fundamental issues:

Would a bank-based form of capitalism encourage American business to take longer perspectives than the stock market brand of capitalism?

With the wider diffusion of information today, could universal banks dominate American finance in the 21st century as they did in the 19th century?

COULD WE achieve the long-term investment horizons provided by the bank-dominated form of capitalism, present today in Germany and Japan, without losing the flexibility and entrepreneurship of a form of capitalism driven by a stock market?

Mr. Hale's answer is to let the two forms of capitalism coexist in the United States by lowering the barriers between banking and commerce while creating fiscal incentives for American businesses to use more equity and less debt. And he foresees a wave of bank mergers in 1991 to head off failures.

• How long will the recession last?

Geoffrey H. Moore, director of Columbia University's Center for International Business Cycle Research, concludes that the current recession began in June. Since the eight preceding postwar recessions lasted six to 16 months, the odds are that if it is an exceptionally long recession, it will end in the final quarter of 1991, and if it is an average one, it does not have more than another quarter to run.

But William H. Tehan of the brokerage firm P.R. Herzig & Co., contends that the economy is not in a typical recession at all.

"Recession is the wrong description," he said. "The present situation, with its attendant financial deterioration, bears no resemblance to recession." The United States, he maintains, is in "a liquidity squeeze induced by a historically high level of debt combined with a sharp contraction in credit demand." And he argues that this is "an entirely different situation not seen in the U.S. since the early 1930s."

Another worrisome parallel with the 1930s is the strain on open trading relations and the threat of protectionism that followed the collapse of the Uruguay Round of trade talks earlier this month.

Richard McCormack, U.S. undersecretary of state for economic affairs, who played a part in the trade talks, said that before

See SCENE, Page 8

Nikkei Ends on Whimper

Rough Year Over On Tokyo Market

Compiled by Our Staff From Dispatches

TOKYO — In a grim reminder of one of the Tokyo stock market's worst years ever, share prices ended 1990 the way they began — lower.

Friday's drop brought the decline in the key Nikkei average to nearly 40 percent for the year.

"The realization that this year was a bad one all came out in the end," said Masahiko Tsuyuzaki, a trader at Tachibana Securities Co.

The Nikkei average fell 91.99 points, or 0.38 percent, to 23,848.71 at midday on Friday, the end of the last session for the year. The market will reopen for another half-day session on Jan. 4 before normal trading resumes on Jan. 7.

It was the first time the Nikkei failed to end the year higher since 1986, and the decline betrayed brokers' fragile hopes that the average would close above 24,000 points to provide a boost for next year.

Friday's decline brought the Nikkei's total fall for 1990 to 15,067.16 points, or 38.7 percent. That was the biggest yearly percentage drop since World War II, said Kunio Urakami, a senior adviser at Nikko Securities Investment Trust & Management Co.

The market has suffered from high interest rates, sluggish corporate profit growth, high oil prices in a country that imports virtually all its oil, jitters over the Gulf crisis and concern over politics in the Soviet Union.

While the immediate economic impact of the year's downward stock price spiral appears to have been slight, the falls have tarnished the image of a market that some believed could only go up.

"The crash/crumble of 1990 marked the end of an era, indeed the end of a whole investment culture," said Peter Tasker, analyst at Kleinwort Benson International Inc.

Traders said the Aug. 2 Iraqi invasion of Kuwait set the stock index tumbling, as investors became nervous about the Japanese economy.

For the rest of the year, the index tended to drop on reports of increasing tensions in the Middle East and recover on hopes for peace.

(Reuters, AP)

Workers' Voices in Discord

In Poland, Power to Fire the Boss Causes Some Alarm

By Stephen Engelberg
New York Times Service

PIASECZNO, Poland — When the Communist Party was in charge of Poland's state-run industries, it established employee councils in each company to give workers a voice, however illusory, in management.

Today, the Communists are gone, but their laws remain on the books and are being used to give workers a say in running their factories that would have been unthinkable in the 45 years this country was a socialist republic.

At the bright, modern-looking Polkolor company in Piaseczno, on the outskirts of Warsaw, the employee council dismissed the general manager and appointed its own chairman as acting chief executive.

It has also played an aggressive role in setting the terms for negotiations with Thomson Group, the French electronics giant that hopes to buy a substantial share in Polkolor, which produces television tubes.

Economists agree that Poland's prospects for economic improvement depend on the transformation to private ownership of such state-run enterprises, which still produce 80 percent of the country's industrial output. But they say the assertive employee councils have added a volatile element to a process already fraught with difficulties.

In some companies, the councils are resisting the layoffs that accompany change to private ownership. In others, it is the workers who are pushing hardest for an immediate end to the old system.

The confusion reflects the lack of a national consensus on what shape capitalism will take in a country where every citizen was once guaranteed a job.

"The transformation of this Communist concern has been extremely complicated by the legal environment that was created in Communist times," said Zygmunt Borek, manager of the Nowa Huta steel mill in Krakow.

Mr. Borek, who recently retained his post in a 20-18 vote of the employee council, said he planned to move ahead with a privatization plan that would eliminate workers' authority to hire and dismiss managers.

Jan Sidorowicz, acting manager of Polkolor, said, "I think that more or less 60 percent of these councils are bad for the enterprises."

Mr. Sidorowicz, former chairman of the employee council, was named to his new post in September after the council dismissed his predecessor. A former head of the Solidarity union, he plans to apply for permanent appointment next year.

In March, parliament for the first time gave the employee councils the right to dismiss managers unilaterally, without consultation with the Industry Ministry.

Through the first nine months of this year, chief executives were dismissed at 307 of Poland's 1,700 centrally run state enterprises, and more than 90 percent of these actions were initiated by employee councils, said Jan Gólab, a spokesman for the ministry.

In 1989, when the councils were given some voice in running enterprises, 163 managers were dismissed, 44 at the behest of the councils. And in 1988, the last full year under Communism, 72 were dismissed, six because of the councils' actions.

Employee councils were created during unrest in Poland in 1956. Their powers were enhanced, at least on paper, in 1981, shortly before the imposition of martial law, and were further strengthened this year by parliament.

"Workers' self-management" was a rallying cry of Solidarity economists in the early 1980s, and

See POLAND, Page 9

Data Indicate U.S. Recession Is Deepening

By Lawrence Malkin
International Herald Tribune

NEW YORK — A picture of recession feeding on itself emerged Friday from a week of dismal U.S. statistics, helping to send the dollar into a sharp dive on the year's last full day of trading in financial markets.

The Commerce Department's list of leading indicators fell 1.2 percent in November, the fifth consecutive monthly drop in the government's main forecasting gauge. Eight of the eleven components fell, with the sharpest drops in consumer-goods orders, key materials prices and unfilled orders.

The Purchasing Management Association of Chicago reported a drop from 45.1 to 41 for its December barometer, which tracks conditions at 200 industrial businesses in the manufacturing heartland around Chicago. All components were well below the level of 50 that indicates a slowing economy.

The stock market was off slightly and bonds were steady, but many traders had left for the holidays and more stayed home because of a snowstorm in New York.

A thin foreign-exchange market began to pay less attention to Middle East anxieties and Soviet uncertainty and more to economic fundamentals, however.

Traders dumped dollars after the release of the indicators, which suggested that no end is in sight to the downward spiral in the U.S. economy and led many dealers to anticipate further cuts in interest rates.

The dollar dropped initially by about two pfennig against the Deutsche mark and by about one yen, stabilized during the morning, then fell again. It closed at 1.4930 DM, down from 1.5260 at the close Thursday, and at 134.85 yen, down from 136.40.

In London earlier, the dollar closed at 1.5020 DM, down from 1.5305 on Thursday, and at 135.50 yen, down from 136.55.

Figures released during the week showed a broad economic decline. November durable-goods orders dropped 10.5 percent, which equaled the 32-year record drop set in January. Much of the decline was in the volatile transportation industry, but without that, the drop was still 3.6 percent.

The Conference Board's index of consumer confidence stabilized in November at a historically low level of 61.3 percent. This was far below July's reading of 101.7 and pointed to a slump led by a decline in consumer spending, the board said.

A report on the depressed construction industry by F. W. Dodge showed the value of new contracts at a five-year low.

"We are moving into a self-reinforcing decline, in the sense that weakness of output cuts incomes, which cuts spending, which cuts output again," said Robert Dederick, chief economist of the Northern Trust Co. in Chicago.

Cynthia Latta of DRI/McGraw Hill saw a similar linkage, using the term "feedback" to describe how slowing orders cut production, which raises inventories, which cuts production again.

Allen Sinai of Boston Co. Economic Advisers said, "A cumulative downward spiral like this is typical of the early phases of a

See SLUMP, Page 8

UIC President Sells Major Stake to Liem

By Michael Richardson
International Herald Tribune

SINGAPORE — The head of United Industrial Corp. stunned the investment community on Friday by selling most of his holding in the Singapore property company, a move that analysts say will strengthen his bid to gain a large stake in Honshu Paper Co. of Japan.

Oei Hong Leong, president and chief executive of UIC, reduced his holding from about 22.5 percent to 4.7 percent, selling 182 million shares to KMP Pte. for 291.2 million Singapore dollars ($167.3 million). Analysts said KMP is controlled by Liem Sioe Liong, who is founder of the Salim group, Indonesia's largest conglomerate.

Both Mr. Oei and Mr. Liem, who now becomes the largest shareholder in UIC, have company interests and family ties in Indonesia.

Mr. Liem is a close friend and business associate of the family of President Suharto of Indonesia. The Salim group includes more than 200 companies stretching from Indonesia to Hong Kong, Singapore and the United States, with diverse interests including chemicals, cement, automobiles, property, trading, finance and food manufacturing and distribution.

An earlier plan for a complex share swap that would have seen Mr. Liem emerge behind Mr. Oei as the second-largest shareholder in UIC was called off Dec. 21 after queries from stock exchange officials and opposition from some major shareholders of Marina Center Holdings, an associate of UIC, whose approval was needed.

Analysts said the new deal does not involve Marina Center, and is likely to be completed.

They said the new deal, in which Mr. Oei was evidently a willing seller, would give Mr. Liem control of just under 25 percent of UIC, which has interests in shipping and manufacturing as well as real estate.

Under Singapore takeover regulations, anyone acquiring more than 25 percent of a listed local company must make a general offer for the remaining stock at the highest price he has paid in the past 12 months.

According to a statement issued by Citicorp Investment Bank (Singapore) Ltd. on behalf of UIC, Mr. Oei sold his shares to KMP at 1.60 Singapore dollars per share. While stepping down as president and chief executive, Mr. Oei will remain as a director of UIC and accepted an appointment as nonexecutive vice chairman of the company.

The statement said that KMP had indicated its purchase was a long-term investment and that it has no intention of changing the present management of the company or making a takeover offer. Nor would KMP seek representation on the board of UIC for the time being, it said.

The statement was issued after the stock market closed. UIC shares finished three cents down on the day, at 1.24 dollars.

James Bax, managing director of Baring Securities (S) Pte. in Singapore, said the deal gives Mr. Liem "effective control of one of the largest owners of commercial prop-

See UIC, Page 8

Japan Lifts a Corner Of the Corporate Veil

Rules Will Help to Fix Firms' Worth

By James Sterngold
New York Times Service

TOKYO — Foreign-investment experts active in the Japanese stock market have long said that following rumors could be more important than serious research, since companies disclose so little solid information.

"It has always been part of the fun of this market that even if you started a rumor, nobody could disprove it," said Robert G. Zielinski, an analyst at Jardine Fleming Securities and co-author of a recent book that is critical of the Tokyo market for consistently benefiting companies at the expense of their shareholders. "You could never calculate the real net worth of any company."

In the last few weeks, the Finance Ministry has instituted several measures that may start to change that. Giving investors a rational basis for selecting stocks has been taken for granted on Wall Street for decades, but is a potentially historic shift here.

The most recent change, announced on Tuesday, will force companies and banks to report the gains or losses on their portfolios of securities, as well as futures and options holdings. They will have to provide the current market value of their holdings at the end of the fiscal year, March 31.

Those portfolios have been a crucial means by which companies, banks and other financial institutions conceal hidden reserves of cash — or, as in the last year of falling share prices, mounting losses. For instance, Mr. Zielinski estimates that as a group the major Japanese banks have lost about $15 billion on their bond holdings.

"We'll finally really know which banks are good at trading and which are not," said Robert Alan Feldman, an economist with Salomon Brothers Asia.

The ministry has also enacted a rule to force affiliated companies, members of corporate families known as *keiretsu*, to disclose more about intra-group transactions.

Earlier this month, a rule took effect that obliges investors to report holdings of 5 percent or more in a company, a measure similar to the 13D disclosure rule in the United States.

This last rule has already caused several sensations: T. Boone Pickens, the Texas financier, was forced to disclose that he got the money to acquire a major stake in Koito, a maker of auto parts, from a Japanese raider, and several other companies discovered that some of their biggest shareholders were investment groups controlled by organized crime families.

By themselves, none of the rule changes will radically alter the view that only a small number of Japanese insiders have access to accurate data on corporations' financial status. But they are regarded as representing a trend that, most foreigners hope, will gain momentum.

"This is a new step forward, and an important one, but not the last," said a Finance Ministry official involved in instituting the measures.

These changes follow last year's tightening of laws against insider trading. In the long run, however, the changes in the disclosure rules may have a greater impact, because few expect the insider trading rules to be rigorously enforced against everyone. Manipulation and insider trading are widely seen as too important to political fund-raising to be halted.

Although banks and other companies have at times objected to greater disclosure, they have muted their protests now because many of Japan's larger corporations want to gain access to foreign capital markets with stricter standards.

When Mitsubishi Bank decided to seek a listing on the New York Stock Exchange last year, for example, it had to issue a disclosure document with data never made available to Japanese investors.

The latest rule change, requiring listed companies to disclose the value of their securities portfolios, is to be phased in. That could provide banks in particular with a critical advantage.

As of March 31, they must report the market value of their holdings of stocks, bonds that are convertible into stock and bonds that come with warrants or options to buy stock later at a preset price.

But companies need not report their considerably larger holdings of regular bonds, including government bonds, until March 31, 1992.

CURRENCY RATES

Cross Rates

Dec. 28

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.699	3.245	1.1282	0.3312	0.1495 *	—	5.456 *	1.3281	1.2592 *	1.467	1.768 *
Brussels	31.18	59.5125	20.67	6.074	2.742 *	18.2795	—	24.14	0.2292	26.85	32.338 *
Frankfurt	1.5149	2.88	—	0.2939	0.1327 *	0.8863	4.856 *	1.172	1.112 *	1.3055	1.566 *
London (a)	1.9175	—	2.8796	9.7793	2,168.50	3.2483	59.585	2.4515	N.A.	2.2283	184.01
Madrid	96.989	183.872	63.895	18.767	8.47 *	56.57	3.0915	74.88	71.41 *	83.16	—
Milan	1,128.85	2,168.80	754.89	221.28	—	668.35	36.480	882.32	8.367	981.48	11.795
New York (b)	—	1.9295 a	1.493	5.0795	1,126.50	1.6840	30.805	1.2735	134.85	1.1598	96.195
Paris	5.129	9.804	3.4025	—	0.4516 *	2.9951	0.1647	3.9888	3.7715 *	4.415	5.334 *
Tokyo	134.75	258.12	89.41	26.36	0.1188	79.47	4.3413	105.19	—	117.76	1.4082
Toronto	1.1603	2.2374	0.7764	0.2282	1.03 *	0.6884	3.74 *	0.9104	0.8603 *	—	1.217 *
Zurich	1.282	2.4539	0.8532	0.2507	0.1134 *	0.7583	4.1448 *	—	0.9497 *	1.3073	1.3363 *
1 ECU	1.3526	0.7089	2.0421	6.9481	1,537.87	2.284	42.2102	1.7485	182.273	1.5697	130.528
1 SDR	1.4333	0.7441	2.141	7.2489	N.Q.	2.4612	N.Q.	N.A.	192.494	1.6299	136.963

Closings in London and Zurich. fixings in other centers: New York closing rates. Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	4880.0	Greek drac.	158.78	Mex. peso	2948.00	S. Afr. rand	2.5725
Austral. $	1.302	Hong Kong $	7.8035	N. Zealand $	1.7109	Soviet ruble*	0.564
Austr. schil.	10.61	Indian rupee	18.248	Norw. krone	6.01	Swed. krona	5.72
Brazil cruz.	157.10	Indo. rupiah	1889.00	Phil. peso	27.80	Taiwan $	26.64
Chinese yuan*	4.72	Irish £	0.5648	Port. escudo	134.20	Thai baht	25.30
Danish krone	5.90	Israeli shek.	2.0283	Saudi riyal	3.7495	Turkish lira	2930.80
Egypt. pound	2.8736	Kuwaiti dinar	n.a.	Sing. $	1.75	UAE dirham	3.6727
Fin. markka	3.61	Malay. ring.	2.704	S. Kor. won	716.60	Venez. boliv.	50.68

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.9049	1.8958	1.8876	Canadian dollar	1.1615	1.1654	1.1683
Deutsche mark	1.4987	1.4964	1.4928	Japanese yen	134.95	134.91	134.82
Swiss franc	1.2799	1.2784	1.2771				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits

Dec. 28

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	7 1/2-7 5/8	8 15/16-9 1/16	8 5/8-8 3/4	14 1/4-14 3/8	9 11/16-9 13/16	8 1/16-8 3/16	10 3/8-10 1/2	n.a.
2 months	7 1/2-7 5/8	9 1/8-9 1/4	8 5/8-8 3/4	14 1/4-14 3/8	9 15/16-10 1/16	8 1/16-8 3/16	10 1/16-10 3/16	—
3 months	7 5/8-7 3/4	9 1/4-9 3/8	8 5/8-8 3/4	13 7/8-14	9 15/16-10 1/16	8 1/8-8 1/4	10 1/16-10 3/16	—
6 months	7 5/8-7 3/4	9 3/8-9 1/2	8 5/8-8 3/4	13 3/4-13 7/8	10 1/4-10 1/2	7 13/16-7 15/16	10 1/2-10 5/8	—
1 year	7 11/16-7 13/16	9 7/16-9 9/16	8 5/8-8 3/4	12 11/16-12 13/16	10 1/16-10 3/16	7 5/8-7 3/4	10 5/8-10 3/4	—

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Dec. 28

	Close	Prev.
United States		
Discount rate	6.50	6.50
Prime rate	10.00	10.00
Federal funds	7 1/2	9.00
Com. paper 90-179 days	6.85	6.85
3-month Treasury bills	6.43	6.48
6-month Treasury bills	6.52	6.58
1-year Treasury bills	6.46	6.51
30-year Treasury bond	8.31	8 1/4
2-month CD's	7.10	7.10
3-month CD's	7.85	7.85
Japan		
Discount rate	6.00	6.00
Call money	8 3/32	8 3/32
2-month interbank	8 3/32	8 1/16
3-month interbank	8 3/32	8 1/16
Germany		
Discount rate	6.00	6.00
Lombard rate	8.50	8.50
Call money	8.55	8.55
1-month interbank	9.10	9.15
3-month interbank	9.25	9.20
6-month interbank	9.25	9.25
Britain		
Bank base rate	14.00	14.00
Call money	14 1/4	14 3/4
3-month interbank	14.00	14.00
6-month interbank	13 7/16	13 7/16
France		
Intervention rate	9 1/4	9 1/4
Call money	9 3/4	9 7/16
1-month interbank	9 13/16	9 15/16
3-month interbank	10 1/16	10 1/8
6-month interbank	9 5/16	10 1/8

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Dec. 28

1 month	7 9/16 - 7 11/16
2 months	7 5/8 - 7 3/4
3 months	7 5/8 - 7 3/4
6 months	7 5/8 - 7 3/4
1 year	7 5/8 - 7 3/4

Source: Reuters.

U.S. Money Market Funds

Dec. 28

Merrill Lynch Ready Assets
30-day average yield: 7.35
Telerate Interest Rate Index: 7.538
Source: Merrill Lynch, Telerate.

GOLD

Dec. 28

	A.M.	P.M.	Ch'ge
Hong Kong	384.95	385.25	+0.72
Luxembourg	385.50	—	+1.00
Paris (12.5 kilo)	388.41	389.93	+5.95
Zurich	385.30	384.30	+3.90
London	385.40	384.20	+3.40
New York	—	393.75	+9.00

Luxembourg, Paris and London official fixings: Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Leveraged Capital Holdings N.V.
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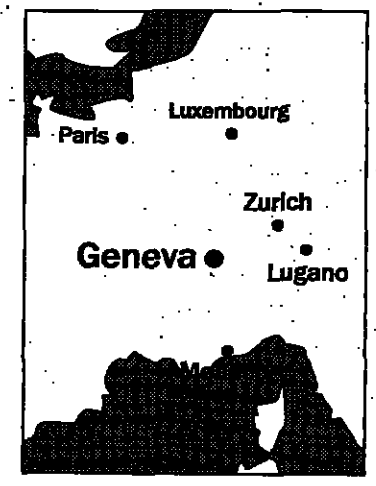

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INTERNATIONAL PRIVATE BANKING

CS Holding Says Capital Rule Hurts Operations

Reuters

ZURICH — The parent of Crédit Suisse, one of Switzerland's big three banks, said Friday that it could assemble additional capital to comply with an unfavorable court ruling, but that its ability to operate "will now be impaired by its location in Switzerland."

The parent, CS Holding, also said its creation in 1989 was still valid, even though the court ruling had thrown out the main reason for establishing a holding company — sidestepping tough Swiss capital requirements on banks.

"Even if the conduct of its policy will be partially hindered through this decree, CS Holding's concept and structure are still absolutely suitable for the purposes of a global and mixed financial-services group," it said in a statement.

"Its ability to operate and its flexibility will now be impaired by its location in Switzerland, but will not be destroyed," it added.

The statement was issued one day after the Supreme Court released the explanation for its Dec. 12 ruling that Crédit Suisse must hold enough capital to back all units, including nonbank companies, with equity capital.

The decision rejected an appeal by CS Holding against a 1989 Federal Banking Commission ruling that Crédit Suisse would have to back units in the group.

Swiss capital requirements stipulate that banks must hold enough capital to back fully the assets of majority-owned bank subsidiaries, and must back 40 percent of the assets of any nonbank stakes and of minority stakes in bank units.

Crédit Suisse spent over 100 million Swiss francs ($77 million) last year to set up a holding structure and make itself one of a number of subsidiaries of CS Holding.

But the Supreme Court said Thursday that Crédit Suisse had merely changed the structure of the bank group "without shaking off any of the risks of business in the bank and finance sectors of individual group units."

The decision was of particular importance because of the problems faced by CS First Boston Inc., the investment-banking subsidiary, which has been hit by the collapse of the U.S. junk-bond market.

"A collapse of CS First Boston would result in a loss of confidence in Crédit Suisse, which it would have to counter with all means," the court said.

Last month, CSFB announced a restructuring that included an additional $300 million equity investment by CS Holding, raising its stake to 60 percent from 44.5 percent; a new bridge-loan vehicle, and 200 job losses in North America.

Apart from the CSFB stake, CS Holding owns 99.9 percent of Crédit Suisse, 45.3 percent of Elektrowatt AG, 100 percent of CS Life, 99.6 percent of Fides Holding and 56 percent of Leu Holding AG.

CS Holding said first estimates showed it would be entirely capable of fulfilling the requirements for additional capital. If dismissed press reports that it or Crédit Suisse could face serious difficulties because of the court ruling.

Analysts said Crédit Suisse might need around 600 million francs in extra capital and could be forced to raise funds in financial markets. But Chief Executive Robert Jeker said on Dec. 19 that it did not need to raise money on the capital market now.

BNP Boosts Capital Via Pechiney

Reuters

PARIS — Banque Nationale de Paris said Friday that a special shareholders meeting had approved a 1.3 billion franc ($249 million) capital increase, allowing it to take a 10 percent stake in the state-owned metals group Pechiney SA.

The transaction appeared to be another move by a state-owned bank to bolster its capital without tapping public markets.

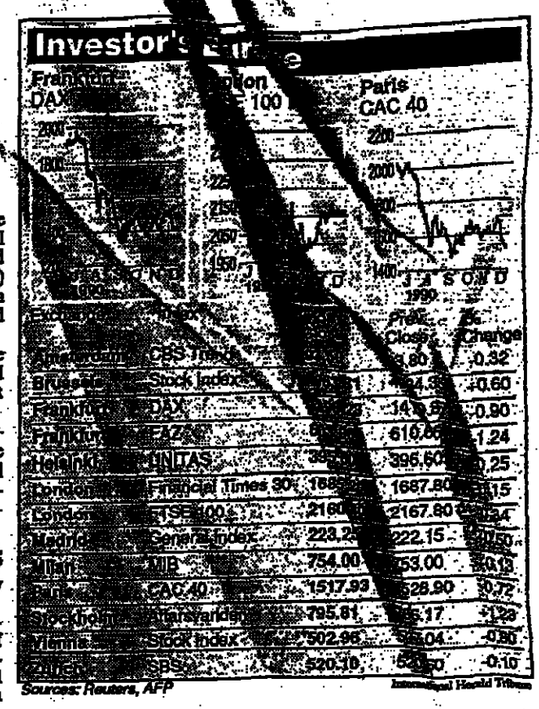
Under the increase, BNP will issue 2.3 million new shares, with the capital shared between the state and BNP shareholder Union des Assurances de Paris, a state-owned insurer, the bank said in a statement.

The shares, priced at 574 francs, are redeemable from Jan. 1. BNP officials were not immediately available for comment.

Following the increase, the government will hold 72.9 percent of BNP directly and another 10 percent through UAP. The public will hold the remaining 17.1 percent in the form of investment certificates.

French banks have been seeking to expand their capital to meet new international standards, but state-owned banks are restricted in their ability to raise capital via public markets.

In August, Crédit Lyonnais raised more than 1.5 billion francs by issuing new shares to the government in exchange for a stake of more than 5 percent in Rhône-Poulenc SA.



Swedish Finance Firm Says Bankruptcy Likely

Reuters

STOCKHOLM — The chairman of Sweden's Nyckeln Holding AB told shareholders Friday that the debt-ridden finance company would probably have to resort to bankruptcy.

Chairman Michael Hasselquist said a proposal by a court-appointed executor that creditors write off 60 percent of Nyckeln's 4 billion kronor ($699 million) in debts had not been approved by a sufficient number of creditors.

"There is probably no alternative to a bankruptcy," Mr. Hasselquist said at an extraordinary shareholder meeting.

Mr. Hasselquist said Gota Bank, a lead bank in the consortium that lent to Nyckeln Holding, had earlier filed bankruptcy petitions against the company.

"A bankruptcy investigation will shed a different light on the activities," Anders Arnell, managing director of Gota Bank in Malmo, was quoted as saying by the business newspaper Dagens Industry. "Gota Bank is not ready to lose 60 percent without knowing what went wrong."

Many Swedish finance and investment firms have been hit by a liquidity crisis, and this has caused steep loan losses for the banks. If Nyckeln is forced into bankruptcy, it would be the largest bankruptcy ever for a Swedish finance firm, the newspaper said.

Mr. Hasselquist said that despite the probable bankruptcy, a proposal for creditors to write off 25 percent of the debts of Nyckeln Holding's subsidiary, Finans AB Nyckeln, was likely to be accepted. The subsidiary has around 8 billion kronor in debts.

Spain Abolishes Limits On Bank Credit Growth

Reuters

MADRID — The Bank of Spain has told Spanish banks it will abolish limits on credit growth at the end of the year in the first major relaxation of the government's tight monetary policy, a central bank spokesman said Friday.

The decision to free credit growth, which was restricted to 10 percent in 1990, was disclosed in a letter from the central bank governor, Mariano Rubio, to the banks. Despite the change, Finance Minister Carlos Solchaga said Thursday interest rates could drop only if wage demands were reduced.

POLAND: *Use of Old Rights of Workers' Councils to Fire Bosses Leads to Controversy*

(Continued from first finance page)

members of the councils cast themselves as watchdogs to prevent sweetheart deals between Communist-era managers and private business.

But that self-management has not been strongly supported by Lech Walesa, the newly elected president, who has made private ownership a greater priority.

Mr. Sidorowicz, a mechanical engineer with no previous management experience, insisted the employee council had played an important role in revitalizing Polkolor. Like Mr. Borek at Nowa Huta, he nonetheless plans to propose that the company move to an interim form of state ownership, in which the employees receive one-third of the seats on the board but lose their power over executives.

At Polkolor, members of the Solidarity trade union and the employee council agree that the dismissal of the previous director, Jerzy Piotrowski, was tied both to his handling of negotiations with Thomson and a precipitous fall in output that began two years ago.

Thomson had originally proposed investing millions of dollars in exchange for a 20 percent share of ownership. Mr. Sidorowicz and the employee council put together a counteroffer under which the French would buy a 51 percent share of Polkolor. The talks are continuing.

Polkolor, which employs 3,500 people, is slightly overstaffed on its production line, which was built under license from RCA Corp. and uses American technology of the 1970s. But senior officials acknowledge that when the company is privately owned, there will be layoffs among the hundreds of workers in support functions such as maintenance or the cafeteria.

Mr. Sidorowicz speaks proudly of having raised production at Polkolor since taking over, to 64,000 television tubes in November from 34,000 in September. He said morale had improved as well.

Still, the trade unions at the plant seem uneasy with their role in "self-management."

"This has put us in an uncomfortable situation," said Leszek Piaseczny, vice chairman of the 1,000-member Solidarity union at Polkolor. "The lines are much clearer when the owner is clearly specified. Here, there are no owners. We are the owners."

At Nowa Huta, Mr. Borek's brusque management style has angered the employee council.

Picked earlier this year by the council, Mr. Borek took over an overstaffed company. With 28,000 employees it is the biggest company in Poland. His previous management experience had been at a consulting company that employed fewer than two dozen people.

After a brief honeymoon, Mr. Borek sharply clashed with Wladyslaw Wachalewski, chairman of the employee council, concerning who had ultimate authority in setting policy.

The new manager did not completely disagree, asserting that when factories are owned by the government, someone other than the workers must have the authority to make tough decisions.

This autumn, Mr. Borek found himself the subject of a no-confidence vote by the employee council. Before the vote took place, he was able to arrange the ouster of Mr. Wachalewski as chairman. In a second vote last month, Mr. Borek retained his job by two votes.

Prague Readies Vouchers-for-Stock Blueprint

Reuters

PRAGUE — Czechoslovakia's reforming government is pushing ahead with a controversial plan to hand over most of the country's big companies to its citizens for a nominal sum.

Like other emerging East European democracies, it plans to transfer businesses from the state ownership built up under communism to the private sector.

But instead of selling shares in the big companies, the government will sell Czechoslovak citizens vouchers, worth less than $100, with which they can bid for stakes in the companies.

The deputy finance minister, Dusan Triska, who has worked out the plan, says raising money for the government is not an issue. The state budget is in relatively good shape and Czechs and Slovaks do not have that much in savings anyway.

"In post-Communist countries, privatization should be an end in itself," Mr. Triska said in an interview. "The aim is to strip the state of property rights."

A sale of some 100,000 small businesses such as shops and restaurants will start early in 1991. The law has been passed, and the first auctions should take place in February.

Only one-tenth of the population's savings of 300 billion koruny ($10.7 billion, at the newly devalued rate that came into effect Friday) is likely to be available for these investments, he said.

Mr. Triska is still piloting through parliament the law on selling off large businesses.

It is likely to be enacted in January and could still be modified, but Mr. Triska said there is broad support for the idea of a voucher plan.

"Parliament will certainly refuse an entirely free distribution," he said. "You have to prove that you are seriously involved in the process and one indicator for that is that you have to pay something for this package of vouchers."

The law as presently envisaged would sell every adult Czechoslovak a package of vouchers with 1,000 "investment points" for 2,000 koruny — the average net monthly wage is 2,700 koruny. The vouchers could only be used for buying shares in privatized companies.

Large state-owned enterprises will be converted to joint-stock companies. The shares in these companies would be transferred to a National Property Fund.

The fund would set aside a portion of shares in companies to meet the claims of former owners or their heirs, whose property was confiscated by the communists after 1948.

The authorities would then set prices in investment points for shares in each of the companies.

The sale would be conducted by the "Dutch auction" method, with bids starting at the top and coming down. For shares left unsold the price would be cut in subsequent rounds of auctions.

■ Yugoslavia Devalues

The Yugoslav government announced Friday it would devalue the dinar by 22.2 percent against the Deutsche mark from next Tuesday to try to boost the country's crippled economy, Reuters reported from Belgrade. The government agreed to fix the exchange rate at 9 dinars to 1 DM after keeping it at 7 dinars since Jan. 1.

Yugoslavia has been sliding into political and economic crisis for several years, but the decline accelerated this year.

Procter Sets Up Division To Sell in Eastern Europe

New York Times Service

NEW YORK — Procter & Gamble Co. has formed a new Eastern European division to promote sales of consumer products like Crest toothpaste and Pampers disposable diapers to the region's 400 million potential consumers.

P&G has been selling some products in Eastern Europe for "at least 10 years," but it has become more aggressive in the last two or three years, a spokesman for the Cincinnati-based company said.

The company named Herbert Schmitz as vice president of the new division. Mr. Schmitz, who joined P&G as a brand manager in Germany in 1964, is now a vice president responsible for sales of health and beauty-care products in central Europe.

Jay H. Freedman, an analyst at Kidder, Peabody & Co. in New York, said Mr. Schmitz would need to develop a different set of management skills for Eastern Europe, with its poor distribution networks, political instability and lack of disposable income.

P&G had 1989 sales in Western Europe of about $5.4 billion, or $10 a person, Mr. Freedman said. The average per-capita income in Western Europe is $8,800, roughly double Eastern Europe's $4,500, he continued, adding, "That limits the amount people have to spend on skin softeners and soap."

NASDAQ

Friday's Prices

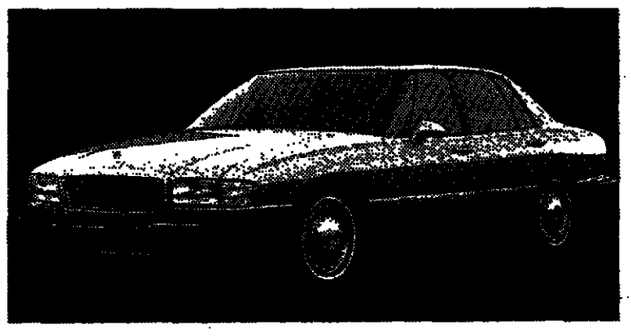
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

Luxury has been redefined.
The new Buick Park Avenue.



You'll be impressed.

GM CHEVROLET PONTIAC Oldsmobile BUICK Cadillac

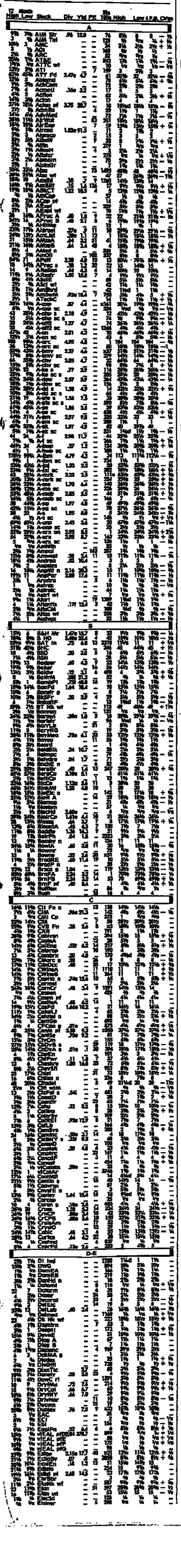
General Motors North American Vehicles at GM Service GmbH
Postfach 1362, D-6090 Rüsselsheim, Germany.

(Continued on next page)

AMEX

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

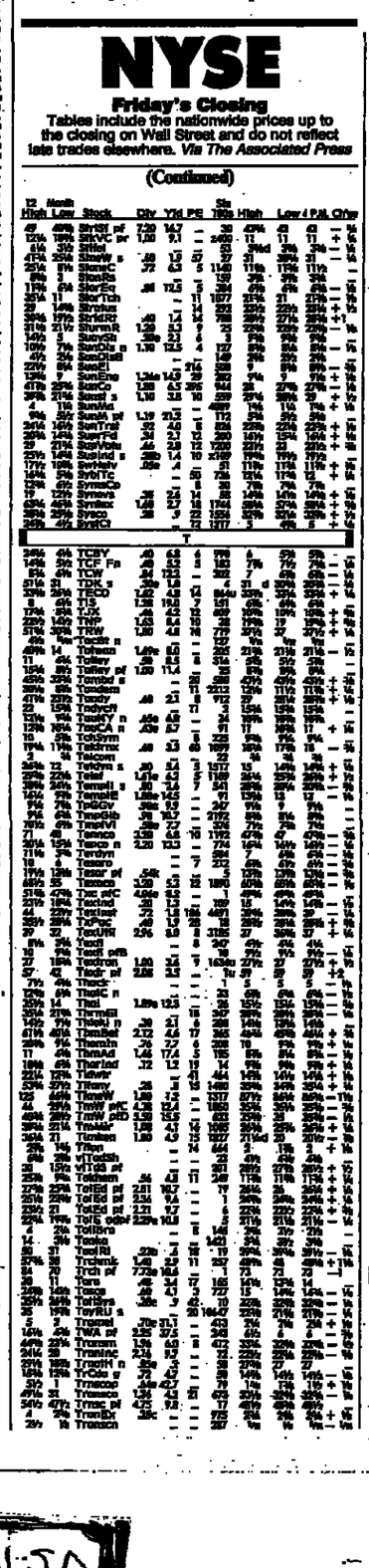


NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)



Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken on latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vj — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xds — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
Yld — yield.
z — sales in full.

Inflation in Tokyo Hit 3.6% in Month

Compiled by Our Staff From Dispatches

TOKYO — Consumer prices in Tokyo, a key measure of Japan's inflation rate, jumped 3.6 percent in December from a year earlier, the second-biggest gain of the year, the government reported Friday.

But prices were actually down slightly from November's peak, the Management and Coordination Agency said in its monthly report.

Meanwhile, consumer prices in Japan as a whole jumped 4.2 percent in November from a year earlier, marking the largest increase since December 1981, the agency said. Month-on-month, however, the national price index, with the 1985 base figure of 100, fell 0.4 percent to 108.9.

In November, consumer prices in the Tokyo area rose 3.9 percent from a year earlier, the largest rise in eight years.

Surging prices of fresh food have been leading the index up for months. The rate of food-price rises slowed somewhat in December, bringing on a month-to-month decline of 0.1 percent overall, the agency said. Fresh vegetable prices, hit by months of bad weather, climbed 19.7 percent from a year ago. But they were down 5.4 percent from November's highs.

Oil prices, which have trended upward since the Gulf crisis erupted in August, eased.

Underlying Japan's mounting consumer price inflation is the labor shortage, which is driving up wages in the service sector.

Unemployment figures for November, also released Friday, suggested that the shortage is worsening — the jobless rate dipped 0.1 percent to 2.1 percent. One sign of the labor shortage's effect was 1.7 percent jump in clothing prices from November to December.

Separately, a Bank of Japan official said that Japan's domestic wholesale prices are still on a gradual uptrend and need to be watched carefully.

The central-bank official told reporters that a 0.1 percent fall in domestic wholesale prices in the second 10 days of December from the previous period was temporary and did not warrant optimism. "The data doesn't allow us to feel relaxed, and we will have to keep watching price movements," he said. *(UPI, AFP, Reuters)*

BCIL Holders Approve Italian Property Stake

Reuters

HONG KONG — Stockholders of Bond Corp. International Ltd., excluding the major holder Tomson Pacific Ltd., voted at a special general meeting to acquire a 50 percent holding in an Italian property development from BCIL's former parent, Bond Corp. Holdings of Australia, BCIL said Friday.

No price was given but a previous agreement put the price at $70 million. Tomson bought 34.5 percent of BCIL, then controlled by Alan Bond, in June. BCIL owns the other 50 percent of the development near Rome.

Korea Sees Car Exports Rising 19%

Reuters

SEOUL — South Korea expects to export 420,000 cars in 1991, up 19.3 percent from about 352,000 in 1990, because of increased sales to eastern Europe and the development of new models, officials of the Korea Automobile Manufacturers' Association said on Friday.

"Car exports will grow next year partly due to the development of new models," an association official said, citing Hyundai Motor Co.'s Elantra and Scoupe, and the Espero from Daewoo Motor Co. "Eastern Europe also emerged as a promising market. That will contribute to the rise in 1991."

South Korea exported 6,100 units, most of them Hyundai cars, to Yugoslavia alone in the first 11 months of this year, up from a handful of sample cars last year.

Estimates for 1990 show exports off 1.1 percent from 1989.

Mazda Makes an Act of Contrition for Car Flaws

By Leslie Helm
Los Angeles Times Service

TOKYO — When Ford Motor Co. was caught falsifying emissions-test records in 1973, company executives showed little remorse, simply paying the $7 million fine out of company coffers. That isn't the way things work in Japan.

Mazda Motor Co., in a show of contrition unusual even for Japan, said this week that its top executives had agreed to accept temporary pay cuts to take responsibility for mishandling safety problems in some of its passenger cars.

The Mazda president, Norimasa Furuta, and 17 other executives will take salary cuts of 5 percent to 10 percent in the first three months of 1991. Since Japanese executives rarely earn more than a few hundred thousand dollars annually — far less than their American counterparts — the givebacks amount to more than a symbolic gesture.

"It's the notion of top management falling on the sword first," said James Abegglen, an expert on Japanese management. "It's a loud message to the organization. The next step is to exact punishment from the staff."

The announcement came one day after the Transport Ministry publicly chided Mazda for trying to keep secret some problems in its Luce model, which occurred between August 1986 and January 1987.

Only after the warning did Mazda agree to recall nearly 3,500 cars to replace defective switches that affected the operation of brake lights and cruise-control mechanisms in the car.

Mr. Furuta apologized publicly to dealers and customers for the shortcomings, and in a broadcast to employees called for a serious effort to improve quality and customer service.

"This is not a disciplinary action. No one forced us to cut salaries," said Akira Shigemasa, a Mazda spokesman. "The president offered to cut his salary, and other top executives agreed. This is the Japanese way."

It is not uncommon for executives to take pay cuts when a company is facing financial problems. Mazda executives have taken such cuts twice in the past 15 years when profits were down sharply. But this is apparently the first time that Japanese executives have taken a pay cut in response to quality and service problems.

The Mazda action came after a series of articles in Asahi Shimbun — Japan's most influential daily newspaper — criticized the company for quietly replacing the switches on the automobiles of customers who complained rather than warning all customers of the problem by conducting a public recall.

The article also mentioned two prior cases in which Mazda tried to deal with quality problems by offering to fix defects through special free servicing "campaigns." In both cases, Mazda was late in announcing a public recall.

It is unclear whether Mazda's delays in implementing recall programs have resulted in any accidents.

Japanese auto companies frequently resort to "free service" deals in an effort to avoid adverse publicity, said an official of the Japan Automobile Consumers Union, a nonprofit group. He speculated that Mazda executives offered to cut their salaries as part of a deal with the Transport Ministry to avoid being slapped with the $770 fine normally imposed for such transgressions. He said the fine would be considered even more of an embarrassment to the company.

While Mazda has been heavily criticized in Japan for its irresponsibility, U.S. observers praised the willingness of Mazda's senior management to accept blame for its misjudgments.

Japanese executives have frequently taken the blame for problems in their companies.

In October, the president of Sumitomo Bank stepped down because of illegal activities by the head of one of the bank's branches. And Mitsui Trust & Banking Co. cut the salaries of its top executives by 20 percent following disclosures that employees had been involved in tax evasion.

The notion behind such resignations is that the top executives should take responsibility for anything that goes on in a company.

Mazda's image problems come at an inopportune time. The company — Japan's No. 4 carmaker — has introduced several successful models, including the Miata, and has been increasing its market share rapidly.

NYSE Highs-Lows

NEW HIGHS 22

AL Labs, Albertsons, Fabricland pf, MBIA Insur, Smucker s, Texaco 2006f, AlbertoCul s, Dublin, GrantGeoA, Rollins, SouthNE, UST, AmWaste a, CmnCred, Imcera, MidAtl Lf, TECO Ene, BritishTel, CmnCrd pf, MCA Inc, SmithKCham, Texfron

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Herald INTERNATIONAL Tribune

MONEY

FIRST COLUMN

Speculation, Scenarios And Profits

THE only sure prediction for next year is that something unpredictable is going to happen. This year's big unpredictable event — at least for the financial markets without the benefit of detailed intelligence reports — was the invasion of Kuwait. Overnight fortunes were made for those who bought options to buy oil or sell Japanese shares or bonds.

In a world where many investment analysts pride themselves on being able to fit money-making plans against the background of disaster, we decided to run through a list of imaginary cataclysms and schemes to profit from them.

All are unlikely, the products of fantasy — as are the investment approaches accompanying them. The only certain thing in 1991 is the presence of the surprises, and these are good bets not to be the ones:

- A vast reserve of oil is discovered in the Pacific, in Japanese territorial waters. Buy oil put options, just about anything Japanese.
- There is a military coup in the Soviet Union. The new general in command insists that a significant proportion of Russian gold be sold to meet dire economic needs within the country. The gold market becomes saturated and the bullion price falls sharply. Buy puts on jewelry firms.
- A new supergrub emerges, which attacks the roots of coffee plants. Almost the entire South American coffee crop for 1991 is wiped out. Buy coffee futures on the commodity exchanges, buy stocks of firms with intersts in Kenya and other unaffected coffee producing countries.
- The chairman of the U.S. Fed resigns for personal reasons. Sell the dollar until the markets decide to have confidence in his successor.

For Investors Contemplating East Europe, Money Is Time

By Barbara Rosen

THE investment outlook in Eastern Europe has a lot in common with the political scene. The initial euphoria has given way to the realization that while there are good things coming, it will take a lot of time and money before they're here.

"There's now a keener appreciation of the time frame that it's going to take to get that part of the world on its feet," says William G. McBride, international editor for Lipper Analytical Services in New York.

"No form of investment will really yield a short-term gain in the Eastern bloc," says Richard Davidson, analyst at Morgan Stanley International in London.

"We're talking about maybe two years" before increased orders translate into real gains in Western companies' profits," Mr. Davidson said.

Günter Dielmann, assistant chief analyst at degab, the equities research arm of Deutsche Bank AG in Frankfurt, says West European companies are primarily focusing on the former East Germany, for now.

"Mostly the opening of Eastern Europe is coming more slowly than (that) of eastern Germany," he said, noting Volkswagen AG's partnership with the Czechoslovak company AZNP Mlada Boleslav, maker of Skoda cars, as an exception. "Another step later is the opening of Eastern Europe."

Mr. Dielmann says winners from German unification include consumer stocks that benefit directly from increased demand while having no major investment costs. He cites the German stores companies Alfred Massa GmbH and Karstadt AG and packaging company Schmalbach-Lubeca AG, as well as Switzerland's Nestlé and France's electrical appliance maker Moulinex SA.

Others also benefit directly from the higher demand but will have to invest to do so, he said, citing Volkswagen's plans to invest 5 billion DM in a project in eastern Germany.

Morgan Stanley managing director David Roche also lists Volkswagen in his "Perestroika Portfolio," his list of companies that will benefit most from the changes in Eastern Europe. Also listed is Fiat SpA of Italy, with its long-standing ties to the Soviet maker of Lada cars, Mr. Davidson said.

The emerging East bloc countries have large and immediate needs for new and improved infrastructure: roads, railways, sewers, power plants, telecommunications, the experts say. They list potential beneficiaries like Siemens AG (electronics group), Mannesmann AG (plants, machinery and capital goods) and Linde AG (process plant engineering and construction) of Germany, and France's Compagnie Générale d'Electricité and L'Air Liquide SA, a gas company.

Citing the needs for retail banking and joint-venture finance, Morgan Stanley adds Germany's Deutsche Bank, Dresdner Bank AG and Commerzbank AG and Switzerland's CS Holding.

John Abbink, vice president of Deutsche Bank Capital Corp. in New York, notes that Siemens Nixdorf has been an immediate beneficiary of the German banks' movement east, which entailed heavy orders for more of the computer systems they already had.

But, he adds, it's a little late to cash in on that development.

In fact, many of the potential beneficiaries of the opening of Eastern Europe were identified even as the Berlin Wall was falling, experts say. The markets already had taken into account those prospects, bidding up the stocks in a euphoric frenzy, before the Gulf crisis and oil shock took their toll.

"The question now is can you identify opportunities that haven't already been identified by everyone else," says Mr. Abbink.

"You have to work from current developments," he said. "To follow the Wall in stock-market terms is ancient history."

Watch for developments or orders that can materialize comparatively quickly, Mr. Abbink advises. For example, he says, European construction companies may not yet have received the flood of orders anticipated, but they'll be benefiting sooner than, say, the utilities whose facilities they'll build.

"These companies are not cheap," he said. "But within the sector there are companies that are more cheap and less cheap, and there are companies that deserve more attention."

Mr. Abbink also prescribes applying proportion to counter the heady notion of a vast new market so hungry for Western goods and services that it could tip almost any firm's balance sheet.

"Your typical Bulgarian might be able to buy some processed foods, but I don't think that Lean Cuisine, which is where the margin is, is going to be high on his list," he says.

For the private investor daunted by all this, funds provide an easier, though even less direct route to investing in the new world order.

The European Project Investment Trust Plc, for example, is listed on the London Stock Exchange and aimed primarily at investing in West European companies. But 10 percent of its assets are invested in the unquoted Emerging Eastern Europe Fund Ltd., an institutional fund also administered by Tyndall Holdings Plc that invests directly in Eastern European companies, like a hog-slaughtering business in Yugoslavia, says Tyndall spokeswoman Jayne Wigley.

Because Eastern Europe is an area of high-risk, long-term investments, Tyndall recommends that it account for at most 10 percent of a private investor's portfolio, and that such a holding be via an instrument like the EPIT, for security and for ease of valuation and of exit if necessary, says Ms. Wigley.

Also relevant are funds tied to specific countries, like Deutsche Bank's equity-oriented Germany, New Germany and Future Germany funds, which are listed on the New York Stock Exchange.

Other funds tied to Hungary and Austria, for example, also are quoted on various exchanges. But one should be careful. Experts warn that many of the relevant funds, particularly those directly involved in venture capital in new or newly benefiting markets, represent high risks.

Foreigners were allowed to apply for shares in the first five privatizing Polish companies, but you couldn't do much with such a holding from outside Poland, even if you could get a phone line through, says one Eastern Europe analyst in London.

"You would practically need someone on the spot doing your business for you in Poland," the analyst says. "Unless you have some sort of an emotional reason for investing in Polish shares, it's probably no more than a nuisance."

Similarly, there are some East-West joint-venture brokerages in Budapest, but most big Western brokers — who could smooth the private investor's path — are unwilling to move into such a small and illiquid market.

Eastern European Restructuring Portfolio

Selected long-term potential beneficiaries from economic reform in Eastern Europe, by industry sector. All prices in local currencies.

Company	Dec. 1990 price	Price to book value ratio	Yield, in percent
Capital Goods and Construction			
Universale (Austria)	2,740	3.7	1.0
Dyckerhoff	670	5.0	2.1
Heidelberger Zement	1,165	5.3	1.3
Saint-Gobain (France)	421	1.0	5.9
Schindler (Switzerland)	4,850	1.2	2.3
Knowledge Industries			
Siemens (Germany)	625	1.7	3.4
CGE (France)	572	2.0	3.1
Banks			
Deutsche Bank (Germany)	634	1.6	3.6
Dresdner Bank	379	1.4	5.1
Commerzbank	248	1.0	6.0
CS Holding (Switzerland)	1,735	0.8	6.7
Consumer Goods & Services			
Douglas Holding (Germany)	831	4.3	2.0
Accor (France)	711	2.4	2.7
Specialized Know-how			
Metallgesellschaft (Germany)	459	2.2	3.7
Pollution Control			
Gesellschaft fuer Entstaubungs Anlagen (Germany)	570	3.8	2.0
BBC (Switzerland)	4,270	2.5	1.6
Cars			
Fiat (Italy)	4,350	0.6	9.0
Volkswagen (Germany)	309	0.8	6.4
Food Production			
Campofrio (Spain)	9,890	N.A.	N.A.
Nestle (Switzerland)	7,440	1.9	2.9
Unilever (Netherlands)	146	4.8	3.3
Telecommunications			
Siemens (Germany)	625	1.7	3.4
Mannesmann	282	1.7	4.6
CGE (France)	572	2.0	3.1
Pharmaceuticals			
Bayer (Germany)	229	0.9	9.6
Glaxo (Britain)	841	5.3	3.6
Medical Technology			
Siemens (Germany)	625	1.7	3.4
Smiths Industries (Britain)	235	2.1	6.3
Power Generation			
RWE	355	2.2	4.6
EVN (Austria)	6,900	1.5	2.5
Nuovo Pignone (Italy)	4,700	2.1	5.4
Insurance			
Allianz (Germany)	2,295	3.8	0.9
Generali (Italy)	30,040	3.5	1.2
Office Furniture			
Schaerf (Germany)	490	N.A.	N.A.

Note: The stocks shown are a sample of brokers' recommendations. Their reproduction does not constitute an endorsement of those recommendations.

Source: Morgan Stanley Capital International Perspective, Morgan Stanley Research

International Herald Tribune

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INTERNATIONAL FUNDS

December 28, 1990

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price.
The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (t) - twice weekly; (m) - monthly

ABACUS FUNDS		
(m) Abacus Fund Ltd.	$	9.83
(b) Abacus Guart.Fd. Mar.'94	$	10.20
(m) Abacus Guart.Fd. July'95	$	10.22
ABC INVESTMENT & SERVICES CO (E.C)		
(m) ABC FUTURES FUND LTD	$	109.45
ABN BANK LD.88, P.O. Box 449, Amsterdam		
(w) ABN-Aandelenfonds	FL	69.10
(w) ABN-Beleggingsfds Ned.	FL	54.72
(w) Aldollar	$	22.70
(w) Alrento		162.20
(w) America-Fund (I.E)	$	155.60
(w) Asian Tigers Fund	$	29.15
(w) LDC Risk Inv.fund	$	1129.68
(w) Trans Europe Fund	FL	72.17
(w) Trans Europe Fund	$	43.07
AIG FUND MANAGEMENT LTD.		
(d) AIG Amer.Eq.Trust	$	22.16
(d) High Life Fund	ECU	10.10
(d) UBZ Euro Optimizer	ECU	9.45
ALFRED BERG		
(w)-Berg Norden Sicav	$	126.83
-Alfred Berg Sicav:		
(w)-Global	$	117.37
(w)-Germany	$	124.68
(w)-Switzerland	$	93.44
(w)-Netherlands	$	91.24
ALPHA ASSET MANAGEMENT LTD.		
De Ruyterkade 62,Curacao NA 5999 617844		
(m) Alpha Arbitrage Fund	$	271.56
(m) Alpha Europe Fund	ECU	237.95
(m) Alpha Futures Fund Ltd.	$	148.67
(m) Alpha Global Fund	$	650.21
(m) Alpha Hedge Fund	$	333.35
(m) Alpha Pacific Fund Ltd.	$	271.41
(m) Alpha Short Fund Ltd.	$	132.39
(m) Alpha Tilldale Fund	$	112.17
(m) Curran-Alpha Hlth Care Fd.	$	265.21
(m) Nicholas-Applegate Hge Fd	$	116.41
(w) Heisei Japan Fund	Y	13,790.00
(w) Nicholas-Applegate Aurelia.	$	159.21
ARRAL ASSOCIATES LTD		
(w) Arral Int'l hedge Fund	$	84.91
(w) Arral Asian fund	$	118.84
ASSETMIX FUND		
Lux.Tel:(352)489061		
EQUITY FUNDS		
(d) Alpha UK	£	1.15
(d) Alpha US$	$	1.29
(d) Alpha Worldwide	SF	1.24
(d) Alpha Japanese	Y	812.51
(d) Alpha Pacific Rim	$	1.26
(d) Alpha European	ECU	1.03
(d) Gold Share	$	0.90
BOND FUNDS		
(d) Sterling Pound	£	111.57
(d) US$ Bond	US$	117.95
(d) Deutschmark Bond	DM	49.54
(d) Alpha Worldwide	SF	48.71
RESERVE FUNDS		
(d) Sterling Reserve	£	13.04
(d) US$ Reserve	$	11.53
(d) Deutschmark Reserve	DM	11.26
BA GATEWAY FUND		
(w) Belgium Fixed Income	BFr	10,336.00
(w) Germany Fixed Income	DM	99.93
(w) Netherlands Fixed Income	FL	99.77
(w) US Dollar Fixed Income	US$	108.53
(w) Japan Equity	Y	10,034.00
(w) Pacific Equity	US$	85.09
(w) Intl Portfolio 'A'	US$	100.93
(w) Intl Portfolio 'B'	ECU	98.00
BEARBULL		
(w) BB Futures Ltd.	$	1,188.40
(w) BB Forex Ltd.	$	1,098.70
BNP INTERFUNDS		
BNP LUXEMBOURG		
(w) INTERBOND FUND.	$	214.00
(w) INTERBELGIAN.	FB	53,392.00
(w) INTERECU FUND 'A'	ECU	263.67
(w) INTERECU FUND 'B'	ECU	1,103.24
INTER CASH		
(t) France Securite.	FF	13,121.63
(t) France Monetaire.	FF	11,261.14
(t) ECU	ECU	1,454.97
(t) US$	$	1,180.29
(t) DM	DM	2,202.22
(t) GBP	£	1,131.02
(t) FRF	FF	15,251.85
(t) France Capital.	FF	12,091.17
INTER OPTIMUM		
(w) BEF/LUF	FB	75,095.00
(w) Multidevises DM	DM	2,062.40
(w) US$	$	1,042.88
(w) FRF	FF	10,797.38
INTER STRATEGIE		
(w) France.	FF	8,864.51
(w) Europe du Nord.	£	901.42
(w) Europe du Centre.	DM	1,338.04
(w) Europe du Sud.	ECU	886.75
(w) Japon.	Y	128,399.00
(w) Amerique du Nord	$	969.18
(w) Sud-Est Asiatique.	$	764.95
BNP JERSEY		
INTER CURRENCY		
(w) US$	$	12.0057
(w) DM	DM	33.5978
(w) GBP	£	12.8950
(w) International Managed.	$	11.8365
INTER EQUITY		
(w) French Offer.	$	17.18
(w) Pacific Offer.	$	16.19
(w) North American Offer.	$	11.11
(w) European Class.	$	10.45
(w) Australia Class.	$	9.03
BANQUE BELGE ASSET MGMT FUND		
Share Distributor Guernsey 0481 726614		
(w) Int'l Equity Fund (Sicav)	$	9.94
(w) Int'l Bond Fund (Sicav)	$	12.39
BANQUE INDOSUEZ		
(w) FIF Intl.S'pore+Malay.	SG$	7.24
(w) FIF-Internat. Div.A	$	18.56
(w) FIF-Internat. Div.B	$	19.53
(w) FIF Internat.America	$	15.43
(w) FIF Internat.Pacific	$	40.86
(w) FIF Internat.Europe	$	28.70
(w) FIF Internat.Japan	Y	925.00
(w) FIF Int. Nat. Res. A	$	10.88
(w) FIF Int. Nat. Res. B	$	11.17
(w) FIF Int. Switz.	SF	88.32
(w) Indosuez Mult. Div. A	$	126.93
(w) Indosuez Mult. Div.B	$	300.21
(w) Indosuez Multibonds US$	$	106.36
(w) Indosuez Multibonds YEN	Y	10,454.00
(w) Indosuez Mult. DM	DM	108.09
(w) France International	FF	83.04
(w) The Dragon Fund Sicav	$	95.46
(w) Asian Growth Fund	$	58.13
(w) Asian Income Fund	$	8.93
(w) Diverbond	SF	71.75
(m) Dual Futures Fd. Class A Units	$	111.17
(m) Dual Futures Fd. Class B Units	$	109.87
(m) Dual Futures Fd. Class C Units	$	105.73
(m) Dual Fut. Fd. Class D Units	$	105.81
(m) Galaxy Futures Fd Ltd	$	118.73
(w) Himalayan Fund	$	9.90
(d) Indosuez Hong Kong Fund	$	15.99
(w) Intl Bond Fund	$	10.495
(w) IPNA-3	$	1120.00
(w) ISA Japan Reg. Gr. Fd.	Y	860.00
(w) Japan Fund	$	12.945
(d) Japan Warrant Fund	$	3.22
(w) Malacca Fund	$	13.95
(w) Managed Trust	$	16.16
(w) Manila Fund	$	6.89
(w) North American Fund	$	38.00
(d) Or. Vent. Tst. 27/12	$	37.655
(w) Pacific Gold 19/12	$	10.18
(w) Pacific Trust	HK$	19.165
(w) The Siam Fund	$	19.32
(w) Sing. & Malay. Trust	$	12.135
(w) Tasman Fund 21/12	$	3.425
(d) Worldwide Growth Fund	$	9.730
BANQUE PRIVEE E. DE ROTHSCHILD		
(w) Daiwa Capital E. Fund	$	773.45
(w) Daiwa LCF Rothschild	$	1,058.17
(w) Ecu D'Or	ECU	67.97
(w) Hispano Int'l Fund	ECU	11.02
(b) Pri-Tech	$	1,103.99
(b) Source Sicav	$	12.16
BANQUE E. DE ROTHSCHILD LUX. SA		
(b) Optigest Curritar Gen.	DM	117.38
(b) Optigest Fixed Inc.	DM	100.29
(b) Eagle Fund	LF	6,167.00
(b) Europe Japan Fund	$	9.88
(b) Governm. Sec. Funds	$	65.73
(w) Leicom	$	2,315.48
(b) Opportunities Fund	$	964.94
(b) Prifirst	$	558.02
(b) Priirop fund	DM	48.63
(w) Rente Plus	BF	4,836.00
(r) Select. Horizon FF	FF	63,052.32
(b) Star Conv.Fund FL	FL	9,492.00
(b) Star Conv.Fund USD	$	94.87
BANQUE SCANDINAVE EN SUISSE-GENEVA		
(w) Intelbond Chf.	SF	71.54
(w) Intelsec Chf.	SF	1422.54
(w) Universal Intelbond	$	16.06
(w) Universal Intelsec	$	13.41
(w) Universal Intelsec	FF	104.49
BROADGATE INTERNATIONAL FUND		
(d) $ Money Market	$	13.92
(d) Non-$ Money Market	DM	33.39
(d) $ Bond	$	14.44
(d) Non-$ Bond	DM	31.35
(d) European Equities	$	9.77
(d) Global Equity	$	16.03
(d) Global Bond	$	15.17
(d) Global Bond & Equity	$	14.74
(d) Pacific Equities	$	9.72
(d) Prec. Mets/Min. Secs	$	3.51
CAISSE CENTRALE DES BANQUES POP.		
(d) Fructilux Obl. Fses	FF	6,231.69
(d) Fructilux-Obl.Euro	ECU	1,162.44
(d) Fructilux-Act.Fses	FF	5,948.29
(d) Fructilux-Act.Euro	ECU	1,073.63
(d) Fructilux court terme	FF	6,468.35
CALLANDER		
(w) Callander Emer. Gr.	$	102.82
(w) Callander F-Asset	$	88.09
(w) Callander F-Austria	AS	1,428.95
(w) Callander F-Spanish.	Ptas	7,367.00
(w) Callander Swiss Gr.	SF	121.51
CAPITAL INTERNATIONAL		
(w) Capital Int'l Fund	$	87.63
(w) Capital Italia SA	$	35.04
CCF - GAMMA		
(w) CM Actibonds	$	38.21
(w) CM Global Growth	$	10.10
(w) Elysees Court Terme	FF	64,047.56
(w) Elysees Long Terme	FF	57,534.27
(w) Elysees Monetaire	FF	67,353.90
(w) EMF Sterlings (A & B)	£	575.03
(w) EMF Dutch Gul.(A&B)	FL	1,045.16
(w) EMF D-Mark (A&B)	DM	1,010.04
(w) EMF Ecu (A & B)	ECU	1,081.45
(w) EMF US Dollar (A & B)	$	1,143.00
(w) EMF Yen (A & B)	Y	100,264.00
(d) Europe Prest. Fd A	ECU	8.65
(d) Europe Prest. Fd B	ECU	10.17
(w) Euro. Smlr Cos. Fd.A	ECU	12.15
(w) Euro. Smlr Comp.Fd.B	ECU	12.15
CDC INTERNATIONAL		
(w) CFI Court Terme	FF	132,097.98
(w) CFI Long Terme	FF	1120,781.69
CIC GROUP		
(d) Obticic Monetaire	FF	12,840.89
(d) Obticic Court Terme	FF	12,707.94
CITICORP INVESTMENT BANK (LUX)		
POB 1373 Luxembourg Tel. 477.95.71		
(d) Citicurrencies USD	$	1,437.62
(d) Citicurrencies Managed	$	124.87
(d) Citinvest Manag. Growth	$	1,187.29
(d) Citi.Manag.Growth Euro	ECU	1,002.53
(d) Citinvest Selector	$	823.36
(d) Citinvest Guardian $	$	1,079.43
(d) Citinvest Guard. Euro	ECU	1,087.94
(d) Citiport N.A Equity	$	158.66
(d) Citiport Jap. Equity	Y	5,969.00
(d) Citiport UK Equity	£	99.67
(d) Citiport IAPEC	$	115.22
(d) Citiport Cont.Euro. Eq.	ECU	119.96
(d) Citiport N.A.S Bond	$	123.80
(d) Citiport Euro Bond	ECU	109.58
(d) Citiport AS.Pac.Bd.	Y	11,093.00
(d) Citiport German	DM	74.97
(d) Citiport French Eq.	FF	954.99
(d) Citiport Swiss	SF	77.71
(d) Citiport Eamec	$	96.80
CITITRUST		
(w) US. $ Equities	$	196.73245
(w) US. $ Bonds	$	13.42477
(w) US. $ Money Market	$	13.82565
(w) Citiland	$	817.93408
(w) Citiperformance Ptf S.A	$	9.65082
(w) Global Equities	$	8.98000
(w) Global Money Market	$	12.07000
(w) Global Bonds	$	11.51000
COMPASS INTL HOLDINGS Ltd.		
POB 455, Jersey 0534 27267		
(w) Bond:Dollar Med.Term	$	10.78
(w) Bond:Ecu Multicur.	ECU	10.17
(w) Equity:United Kingdom	£	7.19
CREDIT AGRICOLE: MOSAIS		
(d) Actions Bassin Pacif.	$	13.16
(d) Actions Europeennes	ECU	14.14
(d) Actions Francaises	FF	96.90
(d) Actions Int. Div.	$	96.88
(d) Actions Japon	Y	1,966.15
(d) Actions Nord-Am.	$	18.09
(d) Court Terme ECU	ECU	16.20
(d) Court Terme FRF	FF	108.45
(d) Court Terme USD	$	15.58
(d) Oblig. Europeennes	ECU	16.01
(d) Oblig. Francaises	FF	107.91
(d) Oblig. Int. Rendt.	$	14.66
(d) Oblig. Int. diversifiees	FF	105.18
(d) Oblig. Int.Div.Sensib.Red	FF	104.36
(d) Oblig. N. Americaines	$	15.53
CREDIT SUISSE (ISSUE PRICES)		
(d) CSF Bonds	SF	68.25
(d) Bond Valor Swf	SF	90.10
(d) Bond Valor US-DOLLAR	$	111.75
(d) Bond Valor D-mark	DM	97.30
(d) Bond Valor Yen	Y	9,402.00
(d) Bond Valor £ Sterling	£	83.31
(d) Convert Valor Swf	SF	130.80
(d) Convert Valor US-DOLLR	$	171.80
(d) CSF International	SF	114.00
(d) Actions Suisses	SF	485.25
(d) Europa-Valor	SF	170.75
(d) Energie-Valor	SF	136.00
(d) Canasec	SF	482.00
(d) Ussec	SF	484.00
(d) Pacific-Valor	SF	120.25
(d) CS Eu. Blue Chips A	DM	220.73
(d) CS Eu. Blue Chips B	DM	220.73
(d) CS Gold Valor	$	121.38
(d) CS Ecu Bond A	ECU	94.85
(d) CS Ecu Bond B	ECU	128.07
(d) CS Euro Finance Fd.'A'	DM	199.44
(d) CS Euro Finance Fd 'B'	DM	199.44
(d) CS Europa Bond 'A'	DM	251.03
(d) CS Europa Bond 'B'	DM	274.61
(d) CS Gulden Bond A	FL	91.49
(d) CS Gulden Bond B	FL	114.13
(d) CS Hispano Iberia Fd 'A'	PTS	19,618.00
(d) CS Hispano Iberia Fd 'B'	PTS	19,618.00
(d) CS Money Market Fund	C$	1,047.42
(d) CS Money Market Fund	ECU	1,048.85
(d) CS Prime Bond 'A'	DM	90.89
(d) CS Prime Bond 'B'	DM	103.90
(d) CS Short-T. Bd DM A	DM	93.18
(d) CS Short-T. Bd DM B	DM	116.86
(d) CS Short-T. Bd $ A	$	97.75
(d) CS Short-T. Bd $ B	$	128.22
(d) CS Money Market Fund	$	1571.51
(d) CS Money Market Fund	DM	1353.92
(d) CS Money Market Fund	£	1773.15
(d) CS Money Market Fd Yen	Y	125,638.00
(d) CS Oeko-Protec A/B	DM	249.03
(d) CS Tiger Fund	$	537.85
CSFB FUND MGMT LTD (0481-713996)		
PB122 St. Peter Port,Guernsey		
(w) Islamic Mgmt Fund Ltd.	$	927.98*
DIT INVESTMENT FFM		
+(d) Concentra	DM	42.82
+(d) Int'l Rentenfond	DM	68.56
EBC TRUST CO.(JERSEY) LTD.		
1-3 Sele St.,St. Helier:0534-36331		
EBC AMRO TRADED CURRENCY FUND.		
(d) Income	$	14.502
(d) Capital	$	23.494
INTERNATIONAL INCOME FUND		
(d) Short Term 'A' (Accum)	$	0.5393
(d) Short Term 'A' (Distr)	$	0.3634
(d) Short Term 'B' (Accum)	$	1.0303
(d) Short Term 'B' (Distr)	$	0.7343
(w) Long Term	$	34.5102
ELDERS INT'L. MGMT SRVCS		
see PRISM ASSET MANAGEMENT		
ELDERS SWITZ.(030) 25 17 35		
(w) Elders Int.	SF	96.25
(w) Elders Aus.	AS	86.50
EQUIFLEX LIMITED		
(w) Europe A	FL	9.36
(w) North America A	FL	8.19
(w) U.K. Equities	£	
(w) U.K. Small Co.	£	5.40
EURO PACIFIC ADVISERS Ltd.		
(w) Meteore	Y	107,474.00
(w) Pacific Horizon Invt. Fd	$	1,775.50
FIDELITY INT'L INV.SERICES (LUX.)		
(m) Fid.Amer. Val.III Com.	$	39.60
(m) Fid.Amr.Val.IV	$	79.06
(d) Fid.Amer. Assets	$	128.37
(d) Fid.Australia Fund	$	13.57
(d) Balanced Port.Unhedged	$	10.34
(d) Balanced Port.hedged	$	10.30
(d) Conv Securities Ptfl	$	8.50
(d) Discovery Fund	$	14.24
(d) Dollars Saving Trust	$	182.82
(d) Far East Fund	$	67.51
(d) Frontier Fund	$	20.77
(d) Global Ind Fund	$	12.66
(d) Global Selection Fd	$	11.97
(d) International Fund	$	13.39
(d) Orient Fund	$	24.55
(d) Pacific Fund	$	294.93
(d) Special Growth Fd	$	31.33
(d) World Fund	$	60.31
(d) New Europe Fund	$	9.74
FINAFUTURES (BVI) Ltd		
(w) Portafolio (est.)	$	1.1528
POKUS BANK A.S. 472 428 555		
(w) Scanfonds Int'l growth fd	$	1.44
GAIA CURRENCY FUNDS		
(w) Gaia Hedgel $ 119.25 Red	$	118.97
(w) Gaia HedgeII $ 262.42 Red	$	259.53
(w) Gaia HedgeIII $ 81.50 Red	$	79.34
GARTMORE FUND MANAGERS INT.		
45La Motte Street, JERSEY 0534 27301		
CAPITAL STRATEGY FD. LTD.		
(d) American	$	1.487
(d) Canadian fund	Cans	0.8137
(d) British	£	2.276
(d) European Fund	DM	4.926
(d) Eastern European Fd	DM	4.346
(d) Asia Pacific Fd	$	1.908
(d) Japan Fund	Y	552.4
(d) Australasian Fund	$	0.2980
(d) Global Resources Fund	$	0.7227
(d) Emerging Markets Fund	$	0.9264
(d) International growth	$	2.734
(d) Sterling Bond	£	1.023
(d) E.C.U. Bond Fund	ECU	0.9754
(d) International Bond	$	1.257
(d) US$ Deposit	$	1.060
(d) Sterling Deposit	£	1.013
(d) French Franc Deposit Fd	FF	10.76
(d) Sw. Fr. Deposit	SF	5.320
(d) DM Deposit	DM	5.294
(d) Yen Deposit	Y	527.3
(d) Austr.Dollar Dep. Fd	AS	1.110
(d) Global Conv. Bond Fd	$	16.70
GEFINOR FUNDS		
London:071-4994171, Geneva:41-22235530		
(w) East Investment Fund	$	814.85
(w) Scottish World Fund	£	164.7651
(w) State St. American	$	265.76
GENERALE BANK		
(see also Interselex Group)		
(d) Rentinvest	$	28.20
(d) Capital Reainvest	$	144.11
(d) Rentinbel Distr.	LF	9,970.00
(d) Rentinbel Cap.	LF	11,418.00
GAM ANLAGEFONDS AG.		
POB 164, 8034 Zurich Tel.41-1-2516640		
(d) GAM (CH) America	SF	1249.00
(d) GAM (CH) Europe	SF	74.00
(d) GAM (CH) Mondial	SF	1180.00
(d) GAM (CH) Pacific	SF	1532.00
GAM TRADITION ANGLEFONDS AG.		
(d) GAM Tradition	SF	814.00
GENESEE FUND LTD. 19/12/90		
(w) (B) Genesee Short	$	105.95
(w) (C) Genesee Opportunity	$	99.70
(w) (E) Genesee Balanced	$	107.68
GLOBAL ASSET MANAGEMENT		
11 Athol St.Douglas.I. of Man.44-624-626037		
(w) GAM Arbitrage Inc	$	220.32
(w) GAMerica Inc	$	207.73
(w) GAM Australia Inc.	$	109.14
(w) GAM Asean Inc	$	151.65
(w) GAM Bond Fund Inc U.S Ord.	$	115.55
(w) GAM Bond Fund Inc U.S Spe.	$	127.82
(w) GAM Bond Fund Inc.	SF	78.07
(w) GAM Bond Fund Inc.	£	105.22
(w) GAM Bond Fund Inc.	DM	88.36
(w) GAM Bond Fund Inc.	Y	11,348.00
(w) GAM Boston Inc	$	228.84
(w) GAM Europe Fund	$	83.21
(w) GAM European Inc.	$	99.31
(w) GAM Franc-Val Inc.	SF	158.57
(w) GAM France Inc	FF	1,365.98
(w) GAM Global Fund	$	116.61
(w) GAM High Yield Inc.	$	80.38
(w) GAM Hong Kong Inc.	$	159.91
(w) GAM International Inc.	$	158.70
(w) GAM Japan Inc.	$	481.51
(w) GAM Money Mkts. Fund	$	103.93
(w) GAM Money Mkts. Fund	£	187.42
(w) GAM Money Mkts. Fund	SF	183.96
(w) GAM Money Mkts. Fund	DM	103.82
(w) GAM Money Mkts. Fund	Y	10,383.00
(w) GAM Mlti-Mngt Deferred Cl	$	181.30
(w) GAM Mlti-Mgr Fd Inc Gen Eq	$	102.64
(w) GAM Mlti-Mgr Fd Inc Alloc.	$	105.97
(w) GAM Mlti-Mgr Fd - Trading	$	172.21
(w) GAM North America Fund	$	183.12
(w) GAM Pacific Basin Fund	$	124.71
(w) GAM Pacific Inc	$	587.78
(w) GAM Restr. Fd. Inc.	$	123.73
(w) GAM Selection Inc.	$	347.54
(w) GAM Singapore/Malay Inc	$	224.50
(d) Gam Sterling Special Bd.Fd	£	101.42
(w) GAM Swiss Fr Spec Bd Fd	SF	81.94
(w) GAM Univ.D-Mark Accu.	DM	182.75
(w) GAM Univ. D-Mark Income	DM	182.75
(w) GAM Universal Accumul.	$	183.93
(w) GAM Universal Income	$	183.93
(w) GAM Value Inc.	$	80.86
(w) GAM Worldwide Inc	$	402.71
(w) GAM Tyche S.A. Class A	$	170.49
(w) GAM Universal (Sp) Inc.	SF	90.33
(w) GAM U.S. Inc.	$	144.19
(w) GAM Whitehorn Fund Inc.	$	132.57
(w) GAM ut Inc.	$	432.14
(w) GSAM Composite Inc.	$	228.84
G.T. MANAGEMENT PLC		
(d) G.T. ASEAN Fund	$	41.65
(d) G.T. Asia Fund	$	15.91
(d) G.T. Australia Fund	$	21.79
(d) G.T. Berry Japan Fund	$	26.97
(d) G.T.Biotech/Health Fund	$	12.03
(d) G.T. Bond Fund	$	17.39
(d) G.T. Britain Fund	£	6.74
(d) G.T. Deutschland Fund	$	12.45
(d) G.T. Dollar Fund	$	17.97
(d) G.T. Europe Fund	$	29.14
(w) G.T. Emerging Mkts Fund	$	7.81
(w) G.T. Euro. Small Cos. Fund	$	31.20
(w) G.T.Global Small Cos.Fund	$	14.89
(d) G.T.Global Techno. Fd	$	14.92
(d) G.T. Hong Kong Fund	$	28.16
(d) G.T. Honshu Pathfinder	$	10.39
(d) G.T. Investment Fund	$	13.13
(w) G.T. Japan OTC Stocks Fund	$	8.96
(w) G.T. Japan Sml Co.Fd	$	14.23
(d) G.T. Korea Fund	$	5.39
(w) G.T. Nat Res. Fd Gold Class	$	4.81
(w) G.T. Newly Ind. Countr. Fd	$	24.22
(d) G.T. Select Dollar Bd Pfl	$	
(d) G.T. Select Int Bd Pfl.	£	
(d) G.T. Select Gilt Pfl.	£	
(r) G.T. Technology Fund	$	34.21
(d) G.T. U.K. Small Companies	£	7.83
(w) G.T. U.S. Small Companies	$	13.15
HILL SAMUEL GLOBAL PORTFOLIO		
1A rue Pierre d'Aspelt Luxembourg 1142		
(d) H. S. Glbl Pfl UK Equity	£	8.73
(d) H. S. Glbl Pfl UK Sm.Co.Eq.	£	9.88
(d) H. S. Glbl Pfl N.Amer. Eq.	$	8.88
(d) H. S. Glbl Pfl US Sm.Co.Eq.	$	9.03
(d) H. S. Glbl Pfl Pac.Bas.Eq.	$	9.28
(d) H. S. Glbl Pfl Jap. Eq.	Y	692.00
(d) H. S. Glbl Pfl Euro Eq.	DM	7.93
(d) H. S. Glbl Pfl St.Fx.Int.	£	9.93
(d) H. S. Glbl Pfl Eu.Fix.Int.	DM	9.19
(d) H. S. Glbl Pfl Glbl. Eq.	$	9.10
(d) H. S. Glbl Pfl Glbl. Bond	$	10.09
(d) H. S. Glbl Pfl Glbl. Med.	$	9.28
HILL SAMUEL INVEST. MGMT. INTL. S.A.		
Jersey, P.O. Box 63, Tel 0534 76029		
Berne, P.O. Box 2622, Tel 4131 224051		
(d) Crossbow (Far East)	SF	11.76
(d) CSF (Balanced)	SF	33.53
(d) European Equity Fund	DM	15.99
(d) Intnl. Bond Fund	$	12.54
(d) Int. Currency U.S.Manag'd	$	28.97
(d) ITF Fd (Technology)	$	13.98
(d) O'Seas Fd (N. AMERICA)	$	50.63
(d) Int. Currency U.S.	$	27.58
IAM, 2 Bd. Royal LUXEMBOURG		
(d) Iam Flagship Fund	ECU	85.94
(w) Iam Bonds Fund Div.	FF	511.48
(w) Iam Bonds Fund-France	FF	421.51
(w) Iam Bonds Fund-Deutsch	DM	226.74
(w) Iam Bonds Fund-Japan	Y	16,595.00
(w) Iam Bonds Fund-Switz.	FS	145.98
(w) Iam Bonds Fund-Europe	ECU	105.50
(w) Iam Europe global	ECU	80.00
(w) Iam Europe luxe	ECU	84.02
(w) Iam Europe 90/70	ECU	103.83
(w) Iam Europe 1992	ECU	86.95
(w) Iam Europe du Sud	ECU	81.96
INTERSELEX GROUP		
(d) Int.America Fund	$	14.86
(d) Int.Belgo Fund	BF	2,539.00
(d) Int.Europa Sicav	LF	5,439.00
(d) Int.Pacific Fund	$	940.25
(d) Int.World Fund	$	85.84
ITALFORTUNE INTL. FUNDS.		
(w) Class A (Aggr.Growth Ital.)	$	46.50
(w) Class B (Global Equity)	$	10.47
(w) Class C (Global Bond)	$	11.74
(w) Class D (Ecu Bond)	ECU	9.99
JARDINE FLEMING, GPO Box 11448 Hg Kg		
(d) J.F ASEAN Trust	$	19.72
(d) J.F Far East. Wrnts Trust	$	4.59
(d) J.F Hong Kong Trust	$	71.97
(d) J.F Japan Trust	Y	14,322.00
(d) J.F Japan Sm. Co. Trust	Y	54,813.00
(d) J.F Malaysia Trust	$	8.89
(d) J.F Pacific Income Trust	$	72.75
(d) J.F Thailand Trust	$	10.21
(d) J.F Gth Convertibles Trust	$	11.01
JULIUS BAER GROUP		
(d) Baerbond	SF	876.80
(d) Conbar	SF	1,553.00
(d) D-mark-Baer Bond Fd	DM	975.80
(d) Dollar-Baer Bond Fd	$	1,149.00
(d) Emerging Europe Fund	DM	82.97
(d) Europe Bond Fund	ECU	104.80
(d) Equibaer America	$	1,784.00
(d) Equibaer Europe	SF	1,374.00
(d) Liquibaer	$	1,960.00
(d) Stockbar	SF	1,677.00
(d) SFR-BAER	SF	982.00
(d) Swissbar	SF	1,871.00
KIDDER,PEABODY & Co.Incorporated.		
(b) Chesapeake Fund Ltd.	$	1,582.53
(b) Int'l Guaranteed Fd	$	1,048.44
(b) Stonehenge Ltd.	$	1,266.59
KLEINWORT BENSON SELECT FUND		
(d) British Fund	ECU	1.73
(d) Emerging Asia Fund	ECU	1.42
(d) European Fund	ECU	1.51
(d) International Fund	ECU	1.40
(d) Japanese Fund	ECU	1.43
(d) Konsolits World Fd.	FM	9.09
(d) North American Fund	ECU	1.53
(d) Pacific Fund	ECU	1.34
LIPPO ASIA LIMITED		
(w) Java Fund	$	8.12
LLOYDS BANK PLC, POB 438, Geneva 11		
Ms. Dawn Mac Neill, 41 (22) 3073333/ext. 3294.		
+(w) Lloyds Int'l Dollar	$	186.80
+(w) Lloyds Int'l Europe	SF	165.30
+(w) Lloyds Int'l Growth	SF	173.20
+(w) Lloyds Int'l Income	SF	244.50
+(w) Lloyds Int'l N. America	$	156.90
+(w) Lloyds Int'l Pacific	SF	139.70
MALABAR CAP MGMT (BERMUDA) LTD.		
(m) Malabar Int'l.Fund	$	9.28
MAN INTERNATIONAL FUTURES		
(m) Athena	$	10.19
(m) Alsbat Mint Gtd.Fund.Ltd.	$	107.08
(m) Mint Limited - Ordinary	$	47.43
(m) Mint Limited - Income	$	15.71
(m) Mint Gtd Ltd - Spec Issue	$	23.43
(m) Mint Gtd Ltd - Series A	$	25.38
(m) Mint Gtd Ltd - Nov 1993	$	22.56
(m) Mint Gtd Ltd - Jan 1994	$	18.26
(m) Mint Gtd Ltd - Dec 1994	$	16.02
(m) Mint Gtd Ltd - Aug 1995	$	13.08
(m) Fbma Mint Gtd Plc	$	123.74
(m) Mint Sp Res.Ltd (BNP)	$	114.27
(m) Newcastle Guaranteed Ltd	$	12.31
MAGNUM FUTURES FUND LTD.		
(m) Deutschmark Class	DM	19.92
(m) Sterling Class	£	5.27
(m) U.S Dollar Class	$	9.80
MERRILL LYNCH		
(d) Dollar Assets Portfolio	$	1.00
(d) Iberia portfolio	$	9.37
(d) Multi-Curr. Bond Port.cl.A	$	16.58
(d) U.S.A Income Portfolio	$	9.32
(d) US Federal Securities	$	9.72
(d) World Nat Res Pfl. Share A	$	10.69
(d) World Nat Res Pfl. Share B	$	10.58
GLOBAL CURRENCY PORTFOLIOS		
(d) Australian Dollar Pfl.	$	12.76
(d) Canadian Dollar Pfl.	C$	10.62
(d) Deutschmark Portfolio	DM	10.18
(d) Pound Sterling Portfolio	£	11.16
(d) US Dollar Portfolio	$	11.51
(d) Yen Portfolio	Y	1,028.00
M. LYNCH MLT.NAT'L INV PFL-EQ		
GLOBAL EQUITY PORTFOLIO		
(d) Class A	$	8.48
(d) Class B	$	8.30
CONVERTIBLE SECURITIES PTFL.		
(d) Class A	$	9.65
(d) Class B	$	9.62
CONVERTIBLE SERIES		
(d) Euro Equity PFL Cl. A	$	9.16
(d) Euro Equity PFL Cl. B	$	9.13
BASIC VALUE PORTFOLIO		
(d) Class A	$	8.76
(d) Class B	$	8.68
MIMBRITANNIA,POB 271, St. Helier, Jersey		
(d) Amer. Inc. & Growth	$	1.287
(d) Asia Super Growth Fund	$	10.36
(d) Dollar Man.Curr	$	14.40*
(d) Dollar Man. Port	$	2.817
(d) Gold & Prec. Metals	$	0.792*
(d) Gtd. N.W. 1994	$	7.86
(d) Int.High Income	£	2.560
(d) Japan Dollar Perf. Fd	$	2.968
(d) Jersey Gilt	£	0.1743
(d) Nippon Warrant Fund	$	9.32
(d) Okasan Global Strat	$	15.60
(d) Pioneer Markets	£	2.262
(d) Sterling Man.Port	£	1.449
(d) Sterling Man. Curr.	£	16.05
(d) U.K. Growth	£	0.970
NIMARBEN		
(w) Class A	$	178.91
NMB BANK,PO 1800,1000 BV Amsterdam.		
(w) The Brazil Fund	$	0.87
(d) NMB Dutch Fund	FL	37.28
(d) NMB Real Estate Fund	FL	38.10
(d) NMB Euromix Fund	LF	2.165
NOMURA INVEST BANKING (M.E) E.C.		
(d) Nomura Gulf Fund	$	8.86
NOMURA INTL. (HONG KONG) LTD.		
(d) Nomura Jakarta Fund	$	8.86
OBLIFLEX LIMITED		
(w) Multicurrency	$	24.53
(w) Dollar Medium Term	$	18.24
(w) Dollar Long Term	$	15.49
(w) Japanese Yen	$	26.28
(w) Pound Sterling	£	17.28
(w) Deutsche Mark	DM	13.80
(w) Dutch Florin	FL	13.18
(w) Dutch Florin Multi.	FL	10.73
(w) HY Euro. Currencies	ECU	10.72
(w) HY Euro.Curr.Divi.Pay.	ECU	9.75*
(w) Swiss Franc	SF	10.43
(w) Swiss Franc Divi. paying	SF	10.80*
(w) US Dollar Short Term.	$	10.71
(w) Swiss Multicurrency	SF	11.88
(w) European Currency	ECU	15.16
(w) Convertibles	$	10.78
(w) French Franc	F	108.27
(w) Swiss Multi-dividend	SF	8.51*
OLYMPIA Capital Intl.,BVI		
c/o OCM, 17 ave. George V, 75008 Paris		
tel.: 33-1-47238374		
(w) Finsbury Group	$	113.11
(w) Olympia Securite	$	101.33
(w) Winchester Capital	$	101.54
(w) Winchester Frontier	$	102.68
(w) Winch.Hld.-Intl.Madison	ECU	1,039.97
(w) Winch.Hold.-Intl.SerD	ECU	1,226.89
(w) Winch.Hold.-Intl.SerF	ECU	1,219.26
(w) Winchester Hold.-US$	$	14.28
(w) Winch.Reser.Multi.Gvbd	$	13.94
(m) Winch.Fut.Divers.	$	16.10*
(m) Winch.Fut.Orion	$	17.71*
PARIBAS-GROUP		
(d) Cortexa International	$	97.63
(d) Europar	SF	541.59
(d) Luxor	$	8.57
(d) Moneyflow	LF	10,808.00
(d) Parinter Fund	$	304.73
(d) Par US Treas. Bond 'Cl. B'	$	139.79
(d) Europhenix	ECU	166.63
(d) Parinter Bond Fund	$	13.35
(d) Paribas-Rente 'A'	LF	1,205.00
(d) Paribas-Rente 'B'	LF	1,372.00
(d) Parvest Obli-Franc 'A'	$	1,361.01
(d) Parvest Obli-Franc 'B'	$	1,361.01*
(d) Parvest Obli-Sterling	£	110.87
(d) Parvest Obli-DM 'A'	DM	1,302.44
(d) Parvest Obli-DM 'B'	DM	1,342.29
(d) Parvest Obli-Dollar 'A'	$	1,192.27
(d) Parvest Obli-Dollar 'B'	$	1,397.69*
(d) Parvest Obli-Yen 'A'	Y	118,231.00
(d) Parvest Obli-Yen 'B'	Y	120,392.00
(d) Parvest Obli-Gulden 'A'	FL	989.27
(d) Parvest Obli-Gulden 'B'	FL	1,134.21
(w) Parvest	SF	880.42
(w) Parjapon	Y	2,776.88
(w) Parsuisse	SF	1,201.87
(w) Obligestion	SF	82.15
PERMAL GROUP		
(b) Drakkar Growth	$	1,869.32
(b) EuroMir (ECU) Ltd.	ECU	988.74
(b) Media Ltd.	$	737.96
(b) Noscal Ltd	$	1,484.01
(b) Special Opportunities Ltd	$	1,369.80
(b) Updyke Ltd	$	288.83
(b) Value N.V.	$	1,745.83
PIERSON,HELDRING & PIERSON N.V.		
Rokin 55, 1012kk, Amsterdam (20-5211188)		
(w) Asia Pac. Growth Fd N.V.	$	28.04
(w) Asian Selection Fd. N.V.	FL	41.38
(w) DP Amer. Growth Fd N.V.	$	25.15
(w) Eur. Growth Fund N.V.	FL	32.83
(w) Japan Diversified Fund	$	41.30
(w) Leveraged Cap Hold	$	40.99
(w) Tokyo Pac. Hold. N.V.	$	210.87
PRISM ASSET MANAGEMENT		
(212) 332-1032 advisor to:		
(d) Prism Futures Fund (EFF)	$	344.63
(d) PTJ	$	113.60
(d) RAINBOW	$	121.54
(d) CONQUEROR	$	87.21
PUTNAM		
(d) Emerging Hlth Sc. Trust	$	20.48
(w) Putnam Em. Info. Sc. Tr.	$	14.61
(d) Putnam Glob. High Growth	$	11.85
(d) Putnam High Inc.GNMA Fd	$	9.26
(d) Putnam Int'l Fund	$	11.06
ROBECO GROUP		
POB 973, Rotterdam (10-4650711)		
(d) Robeco	FL	87.80
(d) Rolinco	FL	81.10
(d) Rorento	FL	68.30
(d) Rodamco	FL	53.90
ROTHSCHILD AST.MGT.		
(w) Tokyo Pac. Hold. (Sea)	$	153.87
ROYAL B. CANADA,POB 246,GUERNSEY		
+(w) RBC British Fund Ltd.	£	4.445
+(w) RBC Canadian Fund Ltd	C$	12.78*
+(w) RBC European Fund	£	12.21*
+(w) RBC Far East&Pacific Fd	$	37.29
+(w) RBC Int'l Capital Fd	$	38.46
+(w) RBC Int'l Bond Fund Ltd.	$	14.82*
+(w) RBC Mon.Currency Fd	$	41.76
+(w) RBC North Amer. Fd	$	13.70
SAFRA REPUBLIC HOLDING		
(w) Republic Gam Fd.	$	102.86
(w) Rep.(Gnsey) Dol.Inc.ld	$	9.96
SKANDIFOND		
SKANDINAVISKA ENSKILDA BANKEN		
(w) Equity Intl Acc	$	12.82
(w) Equity Intl Inc	$	11.62
(w) Equity Global	$	1.15
(w) Equity Far East	$	1.80
(w) Equity Gold	$	0.65
(w) Equity Japan	Y	185.00
(w) Equity Nordic	$	1.26
(w) Equity U.K.	£	1.11
(w) Equity Continental Europe	$	1.33
(w) Equity Mediterranean	$	1.03
(w) Equity North America	$	1.18
(w) Bond DEM	DM	0.94
(w) Bond Intl Acc	$	9.45
(w) Bond Intl Inc	$	7.30
(w) Bond Sweden	SEK	11.71
(w) Bond Dollar	$	1.06
(w) High Income Acc	$	1.32
(w) High Income Inc	$	1.06
(w) Multicurrency	$	1.3467
SOCIETE GENERALE GROUP		
(w) SOGELUX FUND (SF)		
(w) SF Bonds A U.S.A	$	12.74
(w) SF Bonds B Germany	DM	23.49
(w) SF Bonds C France	FF	72.46
(w) SF Bonds D Switz.	SF	20.48
(w) SF Bonds E G.B.	£	9.86
(w) SF Bonds F Japon	Y	1,453.00
(w) SF Bonds G Europe	ECU	12.83
(w) SF Bonds H World Wide	$	13.32
(w) SF Bonds J Belgium	BF	407.00
(w) SF Eq. K North America	$	12.49
(w) SF Eq. L W. Europe	ECU	11.44
(w) SF Eq. M Pacific Basin	Y	1,322.00
(w) SF Eq. N France	FF	70.80
(w) SF Eq P Growth Countries	$	11.25
(w) SF Equities Q Gold Mines	$	9.56
(w) SF Equities R World Wide	$	11.44
(w) SF Short Term S France	FF	126.42
(w) SF Short Term T Eur.	ECU	12.39
(w) SOGELUX INDEX FUND (SIF)		
(w) S.I.F. FR. Distrib.	FF	874.61
(w) S.I.F. FR. Capital	FF	874.61
(w) S.I.F. U.S. Distrib.	$	151.86
(w) S.I.F. U.S. Capital	$	151.86
(w) S.I.F. Jap. Distrib.	Y	13,107.80
(w) S.I.F. Jap. Capuall	Y	13,107.80
(w) S.I.F. G.B. Distrib.	£	97.84
(w) S.I.F. G.B. Capital	£	97.84
(w) S.I.F. World Distrib.	$	129.81
(w) S.I.F. World Capital	$	129.81
SODITIC ASSET MANAGEMENT INC.		
(w) SAM Diversified Inc.	$	109.10
SVENSKA HANDELSBANKEN S.A.		
146 bd de la Petrusse,L-2330 Luxembourg		
(w) Neptune Maritime Fund	$	7.53
(b) SHB Bond Fund	$	48.50
(w) Svenska Select.Fd Intl Sh.	$	44.83
(w) Svenska Select.Fd America Sh	$	11.27
(w) Svenska Select.Fd Pacif.Shares	$	4.10
(w) Svenska Select.Fd Germany	DM	8.25
(d) Svenska Sel.Fd Intl Bd.Sh	$	11.58
(w) Svenska Select.Fd Japan	Y	515.01
(d) Svenska Sel.Fd Nordic Shs	$	9.84
(d) Svenska Sel.Fd S/T Ass.Sh	$	10.87
SWISS BANK CORP. (ISSUE PRICES)		
(d) AmericaValor	$	275.18
(d) AngloValor	£	172.14
(d) Asia Portfolio	SF	417.65
(d) Convert Bond Selection	SF	85.02
(d) Dollar Bond Selection	$	140.19
(d) D-Mark Bond Selection	DM	108.39
(d) Ecu Bond Selection	ECU	101.61
(d) Florin Bond Selection	FL	112.72
(d) FranceValor	FF	1,425.86
(d) GermaniaValor	DM	427.88
(d) Gold Portfolio	SF	280.45
(d) ItalValor	Lit	347,258.00
(d) Iberia Valor	Pts	48,389.00
(d) Japan Portfolio	Y	27,654.00
(d) SBC DM Short A/B	DM	1,019.80
(d) SBC Ecu MMF	ECU	2,843.78
(d) SBC Euro Stock	ECU	138.00
(d) SBC £ MMF	£	2,155.17
(d) SBC Yen MMF	Y	519,458.00
(d) SBC US$ MMF	$	4,344.71
(d) SBC 100 Index Fund	SF	924.00
(d) SBC Sfr Bond A	SF	1,017.04
(d) SBC Sfr Bond B	SF	1,058.14
(d) Sterling Bond Selection	£	109.91
(d) Sw. Foreign Bond Selec.	SF	109.67
(d) Swissvalor	SF	310.80
(d) Universal Bond Select.	SF	68.58
(d) UniversalFund	SF	71.80
(d) Yen Bond Selection	Y	11,019.00
TEMPLETON W.WIDE INVESTMENTS		
(d) GROWTH PORTFOLIO		
(d) Class A-1	$	8.47
(d) Class A-2	$	9.22
(d) Class A-3	$	8.66
(d) Class B-1	$	8.35
(d) Class B-2	$	9.10
(d) INCOME PORTFOLIO		
(d) Class A	$	10.79
(d) Class B	$	10.77
TERMINVEST Tel: 40.70.92.89		
(m) Dual Fut. Fd. cl. D Units	$	105.81
(m) Galaxy Futures Fd. Ltd.	$	118.73
THORNTON MANAGEMENT LTD.		
(d) Thornton Int geos.fund	$	1.59
(d) Pacific Invt. Fd. S.A.	£	8.02
(d) Pac.Invt. Fd. SA	DM	23.11
(d) Pac.Invt. Wrnts Fd.S.A.	DM	8.70
(d) Pac.Invt. Warrants Fd.S.A.	$	3.02
(d) Thornton HK & China	$	13.77
(d) Thornton Japan Fund Ltd	$	25.10
(d) Thornton Orient.Inc. Fd Ltd	$	28.05
(w) Thornton Phil. Redev. Fd	$	17.48
(d) Thornton Tiger Fund Ltd	$	24.39
(d) Ther.LHL Dragons Fd Ltd	$	18.49
(d) Eastern Crusader Fund	$	8.14
(w) The Global Access Fund	$	9.6
NEW TIGER SEL. FUND		
(d) Thailand	$	7.72
(d) Malaysia	$	8.22
(d) Indonesia	$	7.59
T. Rowe Price Associates Inc.		
(m) T. Rowe Price Frontier Ltd.	$	12.14
TYNDALL GLOBAL FUND.		
13,Rue Goethe		
L-1637 Luxembourg		
Tel.352-48 46.81		
(d) Wall Street	a	114
(d) British Lion	p	107
(d) International	p	112
(d) Japan	p	108
(d) High Yield	p	107
TYNDALL INT'L GUERNSEY LTD		
Tel.0481 27963		
(d) Amer Spec Sits	$	41.70
(d) Eurobond	$	32.12
(d) Mortgage	C$	14.57
(d) Overseas	$	24.25
(d) Tiger	$	35.99
(d) High Yield Bond	£	62.4
(d) Moruanouchi	£	80.5
(d) Far Eastern	£	438.70
(d) Gilt	£	550.10
(d) Mgd Currency-Dollar	$	1.845
(d) Mgd Currency-Stlg	£	116.4
(d) 1992	£	220.10
(d) Wall Street	£	288.10
(d) Hi Inc Gilt & Buildsg	£	104.10
UEBERSEEBANK, ZURICH		
(d) B-FUND	SF	942.13
(d) M-FUND	SF	970.92
(d) E-FUND	SF	492.37
(d) J-FUND	SF	312.42
(d) M-Distribution	SF	92.19
(d) UBZ Euro-Income Fund	SF	9.41
UNION BANK OF SWITZERLAND		
(d) Amca American Shrs	SF	33.75
(d) Bond-Invest	SF	58.25
(d) Brit-Invest Shares	SF	628.00
(d) D-Mark-Invest Bds	DM	192.00
(d) Dollar-Invest Bds	$	118.13
(d) ESPAC Spanish sh	SF	157.50
(d) Eurit	SF	278.00
(d) Fonsa Swiss Sh.	SF	172.00
(d) Francit Shares	SF	167.00
(d) Germac Shares	SF	282.00
(d) Globinvest Shares	SF	88.00
(d) Gold Invest Shares	SF	176.50
(d) Holland-Invest Sh.	SF	285.00
(d) Itac Shares	SF	162.50
(d) Japan-Invest Sh.	SF	1,085.00
(d) Sima (stock price)	SF	224.00
(d) Standinavien-Invest	SF	190.00
(d) UBS Money Mkt Inv.	$	1,013.19
(d) Yen-Invest Bonds	Y	79,687.00
UNION INVESTMENT Frankfurt		
(d) Unirenta	DM	34.10
(d) Unifonds	DM	30.40
(d) Unirak	DM	77.85
(d) Unizins	DM	103.45
THE UNIVERSAL GROUP OF FUNDS		
(d) Univers Sav Amer	C$	8.49
(d) Univers Sav Equity	C$	9.90
(d) Univers Sav Global	C$	5.05
(d) Univers Sav Pacific	C$	8.86
(d) Univers Sav Nat. Res	C$	4.88
Other Funds		
(r) Acticroissance	$	509.61
(d) Actifinance Intl	$	1,062.88
(w) Actifutures Ltd	$	1,348.45
(w) Actigestion	FF	1,313.70
(w) Activest Intl	$	24.83
(d) Amvabel	FL	58.70
(w) Aquila International Fund	$	250.51
(b) Ariane	$	4,181.94
(d) Asia Oceania Fund	$	8.23
(m) Associated Investors Inc.	$	729.38
(b) Atlantic Fund	$	68.23
(d) Atlas Fund	SF	63.20
(r) Australia Fund	$	15.39
(w) Balfour Maclaine Series 1	$	1,408.67
(w) BDD Inv Fund-Ecu Bd	ECU	5,379.70
(w) BEM International	$	5.10
(w) Bergen Int'l Fund.	$	11.30
(w) Bondselex-Issue Pr.	SF	108.80
(m) Cal Futures 1996 Fd. Ltd	$	28.51
(m) J Capel guaranteed Fund	$	9.92
(w) CMI Investment Fund	$	1,467.60
(d) CB German Index Fund	DM	107.28
(w) CFE Futures Fund N.V	$	97.16
(m) Cleveland Offshore Fd.	$	79.75
(w) Columbia Securities	FL	93.32
(w) Convert. Fd. Int'l A Certs	$	15.94
(w) Convert. Fd. Int'l B Certs	$	53.65
(w) Comber Intl N.V.	$	183.46
(w) Daiwa Japan Fund	Y	6,749.00
(w) D.G.C.	$	200.08
(d) D. Witter Wld Wide Ivt Tst.	$	23.96
(d) Dreyfus America Fund	$	17.31
(d) Dreyfus Fund Int'L	$	58.26
(w) Dreyfus Intercontinent	$	9.88
(w) Dumenil Amerique	$	1,021.72
(w) Dumelux Asia Pacifique	$	1,021.72
(w) Dumelux Bonds Plus	$	1,166.84
(w) Dumelux Europe	ECU	1,029.88
(w) Dumelux France	FF	6,178.72
(w) Dumelux Opportunit	$	1,021.12
(m) Dumenil Arbitrage Fd.NV	$	634.98
(d) Emi Germ. Ind Plus(A)	DM	79.47
(d) Emi Germ. Ind Plus(B)	DM	79.47
(d) Emi France Ind Plus(A)	FF	724.55
(d) Emi France Ind Plus(B)	FF	724.55
(d) Emi Uk Index Plus (A)	£	87.44
(d) Emi Uk Index Plus (B)	£	87.44
(d) Emi Belg. Index Plus(A)	BF	7,472.00
(d) Emi Belg. Index Plus(B)	BF	7,472.00
(w) Esprit Sicav	ECU	1,060.11
(w) Espir. Sto Inv M Sth Eur Fd	$	10.28
(d) EURASUD	FF	924.53
(d) Europe Obligations	ECU	76.43
(d) Europe 1992	$	9.65
(m) Fatum Fund	$	767.18
(w) Fairfield Int'l Ltd.	$	144.40
(w) Fairfield Sentry Ltd.	$	206.22
(w) Fairfield Strat. Ltd.	$	58.39
(w) First Eagle Fund	$	32,434.26
(m) First Frontier Funds	$	88.64
(w) F.I.T. Fund ff	FF	116.94
(w) F.M.P. Portfolio	$	0.4954
(d) Fonditalia	$	76.52
(d) FL Trust Switzerland	SF	81.92
(w) Fonselex Issue Pr.	SF	148.95
(d) Force Cash Frf Sicav	FF	15,528.57
(d) Force-Cash DM Sicav	DM	5,136.75
(d) Force Cash US $ Sicav	$	3,073.28
(d) Force Cash Ecu Sicav	ECU	2,598.24
(d) Foreslund Limited	$	9.49
(w) Formula Selection Fd.	SF	62.65
(d) Frankf-Trust Eff. Fd	DM	141.16
(d) Frankf-Trust Interzins	DM	38.39
(m) Gems Progressive Fd Ltd.	$	1,128.06
(w) George V INV. BOND F.	$	23.70
(m) German Sel. Associates	DM	1,679.42
(d) Green Line France	FF	573.36
(w) Hasenbichler Com. AG	$	1,371.00
(w) Hausmann Hldgs. N.V.	$	316.91
(d) Hentsch T.F	SF	10,451.00
(w) Heslia Funds	$	135.89
(w) Horizon Fund	$	1,849.06
(w) Ibex Holdings Ltd.	SF	159.01
(w) IFDC Japan Fund	Y	28,586.00
(r) ILA-IGB	$	7.23
(r) ILA-IGS	$	8.47
(m) IncAmerica N.V.	$	16.61
(m) IncAsia N.V.	$	9.46
(w) Inpremet	$	10.81
(m) Interface Fund Ltd.	$	149.76
(d) Interfund SA	$	43.51
(w) Intermarket Fund	$	462.63
(r) Int'l Securities Fund	$	29.18
(w) Intersec SA	$	3,461.59
(d) Investa DWS	DM	64.47
(d) Investmentor Fund	$	103.90
(m) Japan Selection Asses.	Y	9,588.00
(w) Japan Pacific Fund	$	194.52
(w) Japan Reg.Growth F.	Y	875,934.00
(w) Japan Selection Fund	$	222.32
(d) JJ Placement	FF	12,337.48
(w) JWH Worldwide Fund	$	9.54
(d) Kenmar L/C	$	11.47
(d) Kenmar Guarantee	$	11.81
(w) Kenmar Intl - B	$	12,148.00
(m) Key Hedge Fund Inc.	$	186.81
(w) Kleinwort Bens. Jap. Fd.	$	187.22
(d) KML-II H.Yield 27/12/90	$	545.82
(w) Korea Growth Trust	$	33.21
(w) LACO International	$	5.84
(w) Leumi Val.Francaises.	FF	924.22
(m) London Portfolio G'td. I.	$	90.30
(m) London Portfolio G'td. II.	$	8.74
(w) Luxfund	$	110.15
(m) Lynx Sel.Holdings	SF	113.80
(m) Maritime Fund Intl Ltd	$	1,019.45
(w) Mat Growth USCF	$	9.29
(w) Mat Growth ESCF	DM	18.51
(w) MBE Japan Fund	LF	1,841.00
(m) MCM Int. Limited	$	147.81
(w) Moore Global Invts. Ltd.	$	1,851.01
(w) ML.Mergens Lv H.Y.Inv.NV	$	8.46
(d) Mediolanum Sel. Fd.	$	37.13
(d) NCA FUND	$	10.06
(w) Nippon Fund	$	109.00
(m) NMT Asian Sel. Portfolio	$	172.44
(w) NMT Citadel Bond	SF	112.75
(m) NMT Nostec Portfolio s/s.	$	117.91
(d) NM Inc. & Growth Fund	$	16.67
(d) Nomura-Cap Int Eq Fd	$	13.78
(d) Nordmix	Lit	10,813.00
(m) Nova Plus Fund I Ltd.	$	1,080.00
(w) Noveurope	ECU	2,507.56
(m) NSP F.I.T.	$	292.56
(m) Oppenheimer U.S.Arb.	$	320.93
(w) Optimum Fund	$	1,181.75
(m) Overlook Performance	$	1,457.27
(d) Pacific Nies Fund	$	6.16
(d) PAM Futures Trad.	$	424.31
(w) Pancurri Inc.	$	178.33
(m) Paragon Fund Limited	$	10.23
(w) Plurivest International.	FF	104.39
(d) Precision Fund Ltd.	$	180.00
(w) Prosp. I.H.Inc.P.F 21/12/90	$	3.36
(w) Puget-Mahe Barclays Pac.	$	148.66
(w) Quantum Fund N.V.	$	16,551.20
(d) SAGA Ameriques	FF	673.14
(d) SAGA Court Terme	FF	1,197.06
(d) SAGA France Sicav	FF	412.47
(d) SAGA Long T.Capital.	FF	1,086.53
(d) SAGA Opportunites	FF	660.50
(d) SAGA Premiere	FF	1,173.48
(w) Samerai Portfolio	SF	227.00
(d) Sanyo Kle.Spain Fd	$	9.67
(d) Saratoga Holding n.v.+++	$	19.90
(d) Saturn Fund	$	1,172.24
(m) Scimitar Guaranteed	$	8.30
(m) Scimitar Guar.Cur.Fd.	$	8.51
(d) SCI/Tech. SA Luxembourg	$	21.09
(m) Securefund 2000 Ltd.	$	5.80
(m) Silverman World Shares Ltd.	$	1,159.00
(w) SP International S.A.	$	6,281.46
(m) SLH Guar. F.F.I.	$	1,087.49
(d) Strat Int'l Gold Fund S.A	$	6.95
(w) Techno Growth Fund	SF	46.95
(d) Templeton Glob Inc.	$	10.24
(d) The Petrus Fund Ltd.	$	1.11
(m) TIIC(O.T.C)Jap.fd Sicav	$	12.55
(w) Transpacific Fund	Y	25,367.00
(d) Triton Offshore Class A	$	627.51
(d) Triton Offshore Class B	$	598.11
(d) Todor B.VI Futures.LTD	$	7,753.44
(d) Turquoise Fund	$	215.72
(w) Tweedy,Browne n.v.Cl.A	$	3,367.86
(w) Tweedy,Browne n.v.Cl.B	$	1,528.75
(m) Tweedy,Browne (U.K.) n.v.	$	1,186.09
(d) Unico Inv.Fund	DM	67.89
(d) Unico Equity.Fund	DM	85.53
(d) Uni Bond Fund	$	1,632.77
(r) Uni Capital Fund	ECU	1,154.45
(m) Unitrad FF	FF	11,475.86
(m) Unitrad SF	SF	1,097.41
(m) Unitrad $US	$	1,075.95
(d) Univers Bonds	DM	135.39
(w) Vanderbilt Assets	$	14.47
(m) Victor Futures Fund	$	226.66
(d) Victoria Holdings Limited	$	108.00
(w) Willer Asian Fund	$	10.11
(w) Willerbond Capital	$	15.42
(d) World Balanced Fund S.A.	$	11.99
(w) Worldwide Securities	$	35.73
(w) Worldwide Special	$	778.30
(m) Zweig Int'l Ltd	$	$/$10,159.00

AS - Australian Dollars; AS - Austrian Schillings; BF - Belgian Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; LIt - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SG$ - Singapore Dollars; SF - Swiss Francs; Y-Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; @ Offer Price incl. 3% prelim. charge; • - Paris exchange; ++ - Amsterdam exchange; e - misquoted earlier; x - not registered with regulatory authority

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THE MONEY REPORT

In the West, Study Cites Higher Earnings Growth for '91

By David C. Lanchner

AVERAGE earnings estimates for stock markets in 1991 are surprisingly bright given the world's worries. According to a recently published survey of more than 5,000 analysts in 29 countries earnings growth for stock market listed companies over the next 12 months will be 12 percent.

"That is a strong number and normally it would be a bullish signal," says Stanley Chamberlin, chief executive of International Brokers Estimate Service, the New York-based organization that collects the estimates on earnings growth. "But when you look at that number it is important to keep in mind the tremendous uncertainty which exists among stock market analysts. As a forecasting tool for stock market performance 'the quality of earnings estimates relies on how cloudy or clear the crystal ball is' and right now it is decidedly cloudy."

What is making things murky is the Gulf crisis. "We have two different scenarios for investment markets," says Richard Davidson, an analyst on Morgan Stanley's international strategy team. "The positive outlook for stock markets is a short and sharp war." Morgan Stanley believes such a war would allow oil prices to quickly return to a stable level of about $20 per barrel. That would relieve inflationary pressures and much of the uncertainty that has frightened investors and depressed world stock markets.

"The negative outlook for markets is a stalemate or an American withdrawal from the Gulf. That would promote continued uncertainty over war and oil prices and would be a long, slow nightmare for investors," says Mr. Davidson. With analysts uncertain of the future, earnings-driven rallies in the near term are unlikely.

"Even if things were clearer," says Tim Schlesinger, the market strategist for A.G. Edwards, a large U.S. brokerage based in St. Louis, "investors would have to keep in mind that analysts' estimates are almost always too optimistic and therefore less than clear signals of stock market rallies."

Indeed, in the U.S. there is a 21 percent gap between the optimistic growth estimates of analysts who follow the fortunes of individual companies and the so called strategists who try to predict the prospects of entire markets. According to IBES, this is much larger than the average gap of 14 or 15 percent that held between 1982 and 1989.

"Even more so than normal, in 1991 factors that company analysts don't consider are likely to effect market performance," says Julian Target, European strategist at Baring Securities in London. Among the factors not figured into individual company forecasts are the possible effects from a trade war sparked by the recent failure of GATT talks, the depressing side effects of a lower dollar and the drying up of the surplus German and Japanese funds that in the past found their way into company coffers in the form of loans.

Yet Mr. Target and many other strategists believe that the target of 12 percent earnings growth for the world's stock markets in 1991 is not impossibly optimistic. Of the world's major markets, the U.S., surprisingly, has the brightest earnings growth prospects, according to IBES. Analysts are forecasting that earnings will grow 19 percent on average over the coming year. "You've got to remove the uncertainty regarding oil prices but once that is done we think the basic trend in the U.S. is up," says Mr. Schlesinger.

The reason Mr. Schlesinger and others are optimistic is that much of the bad news that has rocked U.S. financial markets this year has already been taken into account, they say, by falling stock prices and reduced earnings estimates for 1990. "The market has been hit by the budget follies, the midterm elections, the S&L crisis, banking and real estate problems, even recession; the only sword still hanging over our heads is actual war in the Gulf," says Mr. Schlesinger.

As for other major markets, the U.K. and France are likely to see better earnings growth than Germany of Japan, according to the IBES survey. Earnings in the U.K. are pegged to increase 11 percent on average next year, and France is expected to see earnings rise 9 percent. "Shares in both France and the United Kingdom are trading at prices that are low relative to annual earnings and their economies seem to be slowing enough to allow interest rates to come down," says Bill Smith, international strategist for Barclays de Zoete Wedd Securities in London. When returns on fixed interest investments like bonds fall, strong earnings and relatively cheap stocks often spark higher share prices.

A rise in the U.K. market is more "problematic than a rally in France," says Mr. Smith. The U.K. is obviously in recession and is clearly in need of a rate cut, but interest, hovering near 13.5 percent on short-term money deposits, may be difficult to slice in a meaningful way since Europe's common exchange rate policy requires that the pound maintain its value relative to the Deutsche mark.

A further sign that the London market is ready to rally, however, are unusually high dividend yields. "Dividends (quarterly payments issued to shareholders) currently stand at six times. Thw last time it reached this level was during the oil shocks of 1974 and 1979," says Allstair Ross Gooby, chief investment strategist at James Capel in London. Recent oil price rises have been much less severe than those of the '70s. Mr Gooby predicts a 19 percent rise in the U.K. market in 91.

"France looks relatively cheap long term and has an especially robust economy and a safe inflation rate, the trouble is no one believes the more positive earnings estimates," says one Parisian analyst. The pessimism is linked to a recent acquisition binge by many of France's major companies and the drying up of available loan capital from Germany that many expected would help finance corporate expansion plans in 1991.

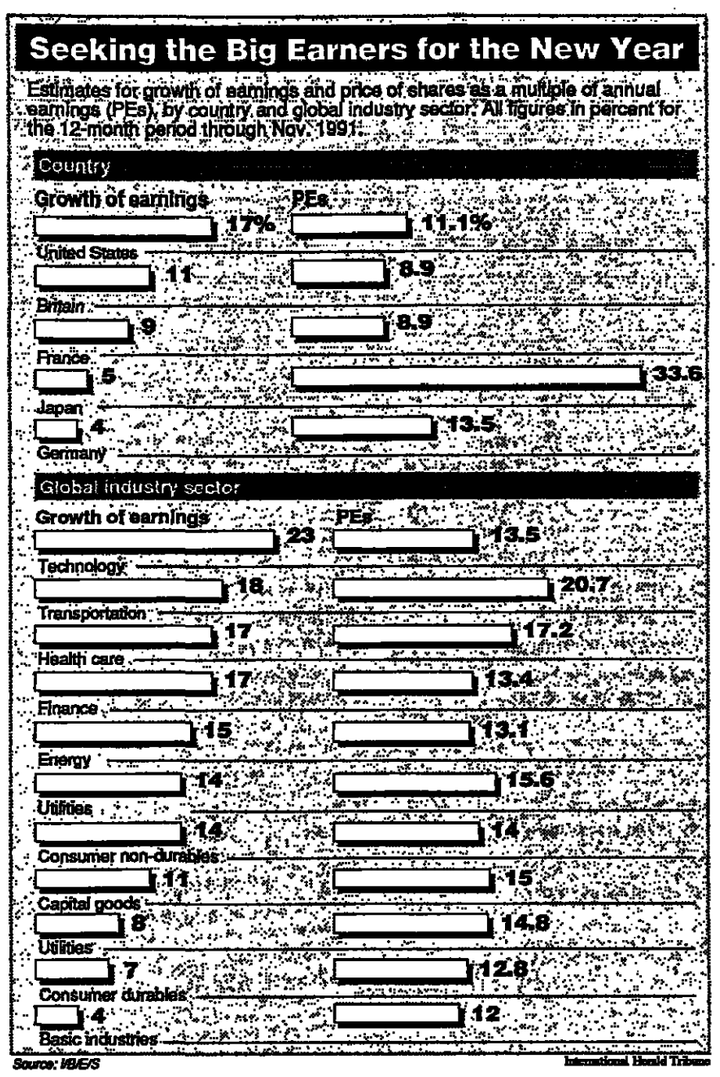
"Negative sentiment is exaggerated and this market is undervalued," says Mr. Target. The strategist believes this will become increasingly evident with interest rate cuts and an improving trade balance in 1990. Subtracting for inflation, so-called real interest rates in France are slightly under 7 percent, when historically they have often been a full percentage point lower. And "on the trade front many people forget that Germany is one of the country's principal trade partners. In our view France will benefit from many of the positives of German rebuilding without some of the negatives which would depress markets," says Mr. Target.

Earnings in the German market are expected to rise 6 percent next year, according to the IBES survey, but investment professionals are setting little store by such numbers. "We are predicting 5 percent growth," says Thomas Neisse, head of research at Deutsche Bank's stock broking arm, degab GMBH. "But that is assuming nothing goes wrong and with so many uncertainties, something always does."

In addition to the Gulf crisis, investors in Germany are worried about the cost of rebuilding former East Germany, possible difficulties getting paid for machinery and services supplied to a fragmenting Soviet Union, high interest rates, rising wage costs and even the possibility that the far off Brazilian economy, which had been improving lately, will once again begin to detiorate. "This year Brazilian difficulties actually cut 3 percentage points from overall earning growth," says Mr. Neisse.

"Germany is on the verge of tremendous prosperity, but for the next year of so it will be what we call profitless prosperity," says Mr. Davidson of Morgan Stanley. Japan, with 5 percent projected earnings growth in 1991, weighs in last among the world's major markets, according to IBES. "The main problem for the market is a cash flow squeeze," says Stephen Archer, head of research at Smith New Court Far East in Tokyo. The excess cash from corporate operations that pushed the Tokyo bourse higher and higher throughout the 1980s evaporated as a severe bear market shrunk the value of Japanese companies stock holdings.

Smaller markets with promising earnings estimates for 1991 include Ireland, Norway, the Philippines, Thailand, Malaysia and Hong Kong. All have estimates ranging from 15 to 20 percent, according to IBES. "These markets have mostly all taken hard hits in 1990," says Mark Mobius, the Singapore-based portfolio manager of the Templeton Emerging Markets Fund. "That is largely the result of the Gulf crisis. The big story in the long term, however, is a rapprochement of nations and regions that should continue to stimulate superior growth in these markets."



BRIEFCASE

Canaries and EC Hold Talks On Bid for Offshore Status

The Canary Islands, traditionally a tourist haven, may achieve offshore status, subject to approval from the European Community.

Talks are in progress over full EC membership for the islands, which are under Spanish sovereignty. The islands would like to boost their economy, which has seen tourism fall off in recent years, by establishing a free banking zone. This would allow the islands to adopt various legal forms within the Spanish system, and acquire offshore status. Although legal entities — or corporations — would be treated as nonresidents the islands and their citizens would remain Spanish.

The EC however is understood to be unwilling to allow further offshore areas within the community.

Jardine Fleming Sets Up Japanese Frontier Fund

British investment management firm Jardine Fleming has established the first non-Japanese investment vehicle aimed at the Japanese domestic market. The JF Frontier Fund '90-12 will invest in international bonds and warrants of companies in the Pacific basin.

The fund size is 10.6 billion yen ($79 million).

Guide to British Unit Trusts Tells It in French and Italian

What is a trust? That question is repeated and answered in French and Italian in a new guide to British unit trusts (the equivalent of mutual funds) published by Rathbone Trust Company Limited, the trust corporation arm of USM.

Author of the guide, Rathbone Trust chairman Oliver Stanley, believes there is a big European market to tap: "U.K. taxpayers have long appreciated the values of trust law in protecting family assets and in reducing tax liabilities. But the U.K. trust concept is foreign to our continental neighbors. . .Increasingly, continetal European taxpayers will wish to understand the benefits to be gained by using trusts for financial and tax planning."

The 1986 Hague Convention provides that all signatory countries recognize that trust property consitutes a separate fund and otherwise acknowledge the concept of the trust. The convention is being implemented in France and Italy.

Copies of the guide may be obtained by calling London (44 71) 630 5611 or Geneva (41 22) 731 9111.

For Some Brokerages, 'Churning' Can Generate Commissions — and Costly Fines

By Conrad de Aenlle

SHOULD your New Year's resolution be: "I will not trust my broker?" Hedvig Peterson, an Arizona woman well into her nineties, trusted hers and came out a million dollars ahead.

But it's not that the broker bought low and sold high with her funds. He bought wrong and got caught, making excessive trades and investing in clearly unsuitable vehicles such as options, an arbitration panel decided last year. He and his brokerage, E.F. Hutton, had to pay her what she lost, about $230,000, plus $1 million in punitive damages.

Mrs. Peterson's case is extreme, but it illustrates a truth about practitioners in the securities industry: Their interests and those of their clients are not always the same.

"Conflicts are evident throughout many of the things brokers do," said Richard Ryder, editor and publisher of Securities and Arbitration Commentator and SAC Award Report in Maplewood, New Jersey.

Brokers are hired to make profitable trades for their clients, but they earn a commission on every trade they make, even if it is unprofitable. The arbitration panel decided that Mrs. Peterson's broker had engaged in a practice called "churning," in which a client's money is continually moved into and out of securities for the sole purpose of generating commissions.

There are rules against that sort of thing, said Enno Hobbing, a vice president in the news bureau at the National Association of Securities Dealers in Washington, and against a number of other practices brokers sometimes employ that do no good for their clients.

For instance, a broker is not allowed to make transactions that are inconsistent with his client's objectives. "If a customer is elderly and tells his broker he's dependent on a fixed income," Mr. Hobbing said, "and you put him into something highly speculative, that's at variance with what the customer told you" and so is out of bounds.

He said that brokers who do that are rare exceptions and that "big producers don't jeopardize" their relationships with clients by engaging in such practices.

Still, some do, and when they are found to have behaved badly, they have to pay for it. NASD, the industry's self-regulatory body, resolved close to 5,000 customer complaints last year. The agency expelled 25 securities firms and barred 286 brokers. It levied fines totaling $20 million.

Mr. Hobbing stressed that the number of complaints is small, considering that there are more than 400,000 licensed stockbrokers and that the amount invested in U.S. securities is in the trillions of dollars. This, he said, reveals the high ethical standards in the profession.

Indeed, Steven Faigen, a spokesman for Shearson Lehman Hutton in New York, said that ethical considerations are "a deeply embedded part of the training of a new broker" and continue to be emphasized throughout one's career at Shearson.

Most retail brokerage customers — average investors — see their brokers only in the role of an agent acting in their behalf, but there is more to it than that. Securities firms act as market makers, meaning they sell shares to their clients from their own portfolios.

Financial service firms also draw much of their income by underwriting corporate stock offerings. Their brokers must then urge the investors they represent to buy those shares — which the securities firms have been paid a fee to sell. Those investors are usually institutions, such as pension funds and insurance companies, but retail customers as well.

The mechanics of such offerings often involve the underwriter buying a huge number of the shares the issuer has floated and then selling them to the public. As is the case when a firm acts as a market maker, this puts a stockbroker in the position of recommending that his clients — whose interests he is bound to serve — buy stock that the firm that employs him does not want to own itself.

Is that acceptable? It is, said John Heine, senior public affairs specialist at the Securities and Exchange Commission, which regulates the securities industry in the United States, but the brokerage is obliged by law to tell a customer that it is supplying the stock he is buying.

There's a hitch, though. When a brokerage acts as a market maker, the disclosure need only be made on the trade confirmation slip — after the stock has already changed hands.

Mr. Faigen of Shearson said market making plays an essential role in securities trading and serves customers' interests.

"The market-making function is the lifeblood of the industry," he said, because it ensures liquidity and makes stock available at a fair price. "Who is making a market in a stock is irrelevant as long as you price securities fairly, which we do.

"At any given time, there are billions of dollars of securities that we would own," he went on, noting that Shearson makes markets in 2,500 stocks as well as fixed-income securities. In most cases, he said, Shearson's buying and selling of an issue serve mainly to fulfill its clients' needs rather than its own investment objectives.

Mr. Faigen said that in the case of a share offering, a prospectus containing the names of all underwriters must be offered to potential clients.

Mr. Hobbing defended the industry's disclosure policies. "The disclosure rules are far flung," he said, noting, for instance, that when a broker recommends any issue, he must send a prospectus upon request. "Whether the client reads it is another matter." He added that most brokers prefer a "savvy clientele. The broker feeds them as much information as they're willing to absorb."

Disclosure rules vary from country to country. In France, for instance, a brokerage must disclose whether it acted as a market maker, as in the United States, said Hervé Ripault, manager of Delahaye-Ripault, the brokerage arm of the large bank Société Générale in Paris. The French market watchdog agency, the Commission des Opérations de Bourse, in fact, was modeled after the SEC and is entrusted with similar powers to enforce securities laws outside the courts.

Under British securities law, a brokerage must disclose any potential conflict to a client, and it must tell him of that obligation right at the start.

"When someone starts doing business with us," said Jo Tilsley, who works in the corporate communications office of Nomura Securities Co. in London, "we have him sign a customer agreement binding to us and binding to him under which we must disclose to him any conflict of interest there might possibly be," including underwriting and market-making activities.

Securities firms communicate with their clientele through individual brokers and also through market newsletters that carry the firms' recommendations to buy or sell — well, usually to buy.

An investor who has scanned one of these newsletters has probably noticed that the number of buy recommendations usually dwarfs the number of entreaties to sell. But there may be several recommendations to "hold" a stock, which in brokerspeak means, "You're better off getting rid of it."

While the firm's brain trust may have been overcome with optimism or by a chilling sense of politeness, there are other reasons that sell recommendations are so rare.

"If a brokerage makes a sell recommendation, it won't get anymore underwriting business from that company," said Ed Hart, an analyst at Financial News Network in Los Angeles.

Likewise, Mr. Ryder, the publisher of the arbitration reports, said a brokerage may be reluctant to urge the sale of a stock if it has just floated an offering in it and still owns a substantial number of shares. "If they're holding up the market, they don't want to see it fold." Still, he said, "I don't think any broker wants to see his client hold on to a dog."

He added that brokerages are structured so that analysts can make their appraisals independent of other operations at the firms.

Mr. Hobbing of the NASD concurred: "An analyst is supposed to be objective. Bad recommendations sour the company's reputation."

Mr. Ryder said that psychology may also be behind a broker's reticence to urge clients to sell.

Even when a profit is realized on a trade, funds are being taken out of action and so "clients don't think they're making money when they sell."

And if a stock turns out to be a loser, a broker is often afraid to sell and be the bearer of bad news. That's true, he said, even if someone else touted the client onto the stock.

What can a client do if he feels he didn't get a square deal on a trade.

"Talk to the branch manager or the customer service department," Mr. Ryder said. "When there's a problem, they want to solve it." Discussing it with the broker himself may not be advisable because "the broker may be the problem."

Speed is critical. "Take immediate action," he said. "The problem with the stock market is it's not like a suitcase, where you can wait a long time to take it back."

Let's say a client gets his confirmation slip after buying some shares and finds that his brokerage was the seller. And let's say he's not happy about it.

"If somebody wanted to get out of a transaction like that quickly, he might have a legal case to do it," Mr. Ryder said. But if the buyer wanted to hang on to the stock for a while to see if he could squeeze a profit out of it, his case would be a lot less compelling.

If an investor in the United States gets no satisfaction from his brokerage, he can take his case to arbitration, a system set up to handle disputes without getting bogged down in court.

Mr. Ryder knows the system well. He served as director of arbitration at the NASD, which handles the bulk of such cases, and then spent six years as the head of litigation at a securities firm. He provided the details in Mrs. Peterson's case. Mr. Faigen of Shearson, which is now Hutton's parent company, confirmed them.

An arbitration hearing involves a panel of up to five people from outside the industry, depending on how much money is at stake, and both sides can be represented by attorneys.

The number of arbitration claims has exploded from about 350 in 1980 to 3,500 last year, Mr. Ryder said. One of the reasons for that is a 1987 Supreme Court ruling that forced more cases out of court and into arbitration.

Another reason is the market crash that same year. People get upset when their brokers' errant trades are losers, but they don't seem to mind so much when they turn a profit.

Probably the best way not to be wronged by a broker is to choose the right one to begin with. That means an investor should be wary if a broker tries to choose him.

Most beginning brokers make unsolicited "cold calls" to prospective customers. It's usually the only way to build a clientele. "A guy starting in the business has to start somewhere," Mr. Hobbing said. "He can't sit in the office waiting for someone to come in."

But an investor who is cold-called should be cautious.

"Don't by a product you don't know from a person you don't know," he said. Be wary "if someone is pressuring you to buy something right away. He should want your business for the long haul."

The way to find the right broker, he said, is through "word-of-mouth referral from people you respect. Interview a couple and see if the chemistry works."

Mr. Ryder added: "Don't do things that he says he's an expert in unless you're an expert too."

Of course, it's possible to follow this advice scrupulously and still get mixed up with an unscrupulous broker and have to go to arbitration, as Mrs. Peterson did.

In her case, she had to wait until she had passed her 100th birthday before she got her million-dollar windfall, and the truth is that once she got it, she let it slip through her fingers.

She gave it away to charity. Easy come, easy go.

The Breakdown of Taking Your Broker to Court

Total results of arbitration proceedings in 1989

Total cases concluded, including settlements	Customer cases decided	Awards in favor of public	Cases carried into 1990
5,900	2,820	1,503	5,590

National Association of Securities Dealers' regulatory actions.

	1986	1987	1988	1989	Third quarter 1990
Customer Complaints Received	4,252	5,335	5,069	4,903	3,093
Complaints Resolved	4,140	4,709	5,319	4,834	3,426
Disciplinary Actions	668	826	937	1,011	807
Disciplinary Decisions Rendered and Offers Accepted	322	507	559	678	853
Letters of Acceptance	182	263	283	353	401
Firms Expelled	8	17	11	25	14
Individuals Barred	86	169	158	286	291
Firms Suspended	10	9	5	43	38
Individuals Suspended	76	94	112	278	167

Source: Securities Industry Conference on Arbitration, NASD.
International Herald Tribune

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SPORTS

Ohio State and South Carolina Nearly Fail in Holiday Tests

The Associated Press

Christmas vacation is not a time for exams. Still, Ohio State and South Carolina were tested severely in holiday tournaments.

The sixth-ranked Buckeyes barely got past Mississippi State, 82-80, Thursday night in the opening round of the Palm Beach Classic in Florida. Ohio State (9-0) plays Miami of Ohio for the title.

"I commend Mississippi State," said Ohio State's coach, Randy Ayers. "They've got a good ballclub and they did a good job of taking it to us. We needed another close game like this to get ready for our Big 10 season starting next week."

No. 12 South Carolina did not put away Brigham Young until 16 seconds were left in their first-round game of the Holiday Festival in New York. Joe Rhett's long pass to JoJo English on an inbounds play provided the clinching points.

Mississippi State (7-1), showed it might be a Southeastern Conference contender with the way it pushed Ohio State. The Buckeyes trailed much of the first half and the lead changed five times after halftime before Ohio State took charge.

Jamaal Brown led Ohio State with 20 points and Jim Jackson scored 18, including three baskets in the last four minutes.

No. 12 South Carolina 52, Brigham Young 49: The Gamecocks won despite shooting just 9-for-26 from the field in the second half and scoring a season-low 23 points in the final 20 minutes.

South Carolina scored the final four points of the first half for a 29-

COLLEGE BASKETBALL

22 halftime lead, but then managed just one free throw in the opening 6:01 of the second half.

It took almost the rest of the game to recover, with Joe Rhett's three-point play with 1:26 to go giving the Gamecocks the lead for good at 50-49.

Shawn Bradley, BYU's freshman center, had seven blocked shots and led the Cougars with 14 points.

No. 4 Arizona 80, Pepperdine 66: In Tucson, Arizona, Sean Rooks scored 26 points and had 11 rebounds as Arizona overpowered Pepperdine to advance to the final of the Fiesta Bowl Classic for the sixth consecutive time.

Geoff Lear scored six points during a 14-6 Pepperdine surge that drew the Waves within 49-48 with 11:45 left. Doug Christie led Pepperdine with 20 points.

No. 5 Indiana 91, Marshall 67: In the Hoosier Classic in Indianapolis, Calbert Cheaney scored 27 points for Indiana, which scored the game's first 12 points and 18 of the first 20.

Marshall never recovered, trailing 34-11 at 6:30 and 43-22 at halftime. Cheaney had 16 of his points in the second half as he scored in double figures for the 25th straight game.

No. 10 UCLA 110, Fresno State 89: In Los Angeles, Tracy Murray scored 20 of his 26 points in the second half and Don MacLean had 22 points.

UCLA, rebounding from its first loss of the season, at Iowa, got 19 points from Mitchell Butler in beating the Bulldogs for the sixth time in as many meetings.

Tod Bernard led Fresno State with 25 points. The Bulldogs have dropped 51 of 60 road games dating back to the start of the 1986-87 season.

No. 18 Kentucky 74, Eastern Kentucky 60: In Lexington, Kentucky, the Wildcats played the Colonels for just the second time in 62 years and Eastern put up a valiant fight. But Reggie Hanson scored nine of his career-high 27 points during a 20-6 run in the second half for the winners.

The Associated Press

Treg Lee slamming in a second-half shot in Ohio State's squeaker.

Pact Makes McReynolds Richest Met

By Murray Chass
New York Times Service

NEW YORK — Kevin McReynolds does his duck hunting in Arkansas, but he plays his baseball in New York. Contrary to the perception of some people, he wouldn't have it any other way.

"I've never wanted to leave here; I'm here to play baseball," McReynolds said Thursday as it was announced that he had signed a three-year, $10 million contract extension that made him the highest-paid Mets player ever.

McReynolds, who came to the Mets four years ago, agreed to a contract that will run through 1994 or 1995, depending upon whether the Mets exercise a $3.6 million option for the final year.

The 31-year-old outfielder will receive a $1.25 million signing bonus and, beginning in 1992, salaries of $3 million, $3.25 million and $2.5 million.

The extension provides bonuses for awards, and one set of bonuses takes effect in 1991. He would receive $100,000 for winning the league's most valuable player award, $50,000 if he finishes second or third in the voting and $25,000 if he places fourth or fifth.

The deal makes McReynolds the 29th player in baseball to have a contract averaging $3 million or more a year.

But he will not hold his No. 1 spot with the Mets for long. The club will soon try to sign Dwight Gooden and Frank Viola to extensions, which are likely to be worth $12 million or more for three years.

Mark Lennihan/The Associated Press

McReynolds, with the Mets' Al Harazin, signing for $10 million.

On Court, UNLV Players Find Sanctuary From Roguish Rebel Image

By Mark Maske
Washington Post Service

LAS VEGAS — Their sanctuary is the basketball court, whether it be in an arena overflowing with cheers or filled simply with the squeaks of sneakers during practice at Thomas and Mack Center. Only there are they unburdened; only there are they the University of Nevada-Las Vegas team, rather than the roguish Runnin' Rebels, pursued by the National Collegiate Athletic Association, seemingly forever.

As the UNLV coach, Jerry Tarkanian, likes to say, his program is accustomed to dealing with the rigors of scrutiny and commotion.

"If we didn't have some controversy, we probably wouldn't know what to do," he said.

With this team, however, the stakes are higher. These players have more to gain — and much more to lose — depending upon how they deal with the latest firestorm.

All the chaos is a matter for administrators, a conflict that probably will not be resolved until the spring — sometime after the Rebels expect to be finished making themselves the first repeat national champions since UCLA in 1972-73.

"We get out onto the court, and we don't have a care in the world," said Larry Johnson, a forward. "Basketball is our escape. They can't get to us on the court; no one can touch us there. We're even more carefree at practice, and we're probably even a better team. I'll bet we could beat some NBA teams with the way we play at practice. We just like to be around each other. We've learned to savor the moments when it's just us and basketball."

With his team, Tarkanian can leave behind the unpleasantries that fill much of his time: the 13-year legal struggle with the NCAA that ended three weeks ago with UNLV's postseason ban being postponed until next season; the letter-of-inquiry that arrived last week, accusing the school of 29 new and potentially crippling violations (most centered on UNLV's 1986 recruitment of Lloyd Daniels, then a New York City prep star); the many university officials and boosters who apparently have tired of the Rebels' villainous image, and rumblings that he will step down following the season.

"The kids and I really don't talk about all that stuff," Tarkanian said. "I doubt that we've spent 10 minutes since October talking about that. And if we have, that's probably nine minutes too much."

Said Johnson: "What everyone else is worried about and what people are saying about us — that's not our fight. We have other fights to be concerned with."

The other fights are not proving to be much of a concern. The 101-69 trampling of Florida State last Saturday put the top-ranked Rebels at 5-0 and with an average margin of victory of 35.4 points. Counting last spring's NCAA title-game pounding of Duke, UNLV's closest contest in the last six outings is its 20-point victory at Michigan State two weeks ago.

> **'Basketball is our escape. They can't get to us on the court; no one can touch us there.'**
>
> **Larry Johnson, UNLV forward**

The Rebels average 101 points per game on 54 percent shooting and yield 65.6 points on 39 percent accuracy. Opponents are averaging 21 turnovers against the Rebels' relentless, trapping pressure. The Florida State coach, Pat Kennedy, followed his club's obliteration by pronouncing that no team is capable of beating UNLV this season.

Johnson is a physical force so imposing inside that guard Anderson Hunt recalls in awed terms the first time the two met: "It was a pickup game, and I just kind of bumped into him. It was just a little bump, but my shoulder didn't stop hurting. That's when I knew he was The Man."

Stacey Augmon may be the nation's best individual defender and most underappreciated star, and he and Johnson are perhaps among the best collegiate forwards ever to play on the same team.

Said Tarkanian of the duo: "I can't think of two guys who were ever better together."

Hunt and point guard Greg Anthony form a quick, unyielding backcourt that complements UNLV's inside strength perfectly. Center George Ackles is an adept blocker-rebounder, able to cover any slip-ups in the Rebels' pressure defense. And 7-foot, 265-pound (2.13-meter, 120-kilogram) Elmore Spencer, a former high-school all-American, transferred from Clark County Community College recently and provided 12 points in 15 minutes in his debut.

"What they can do to you is scary," said the Ohio State coach, Randy Ayers, whose team was eliminated by UNLV in the second round of the NCAA tournament last year. "Playing them is a learning experience, and I think you'll see them giving a lot of lessons this year. They have a place in history waiting for them."

Yet UNLV's players insist it is chemistry, not merely talent, that sets their team apart.

"There's a real closeness here, and it's genuine," Hunt said. "We've been bonded together by all we've been through, and it'll take more than a little thing like this to bring us down," he said of the current allegations.

The toughest remaining tests are road games at Louisville and Arkansas, but their schedule has them playing 20 games in 55 days during January and February.

"It's simply ridiculous for anyone to think we're invincible," Tarkanian said.

The potential distractions will continue to mount. UNLV officials seemingly are divided on how strenuously to oppose the new allegations.

According to reports confirmed privately by school officials, the NCAA could strip UNLV of last season's title — as well as demand the return of more than $1 million in tournament revenue — because a player involved in some of the allegations participated in 33 of the team's 35 victories.

For Maradona, No. 1 Spot on Italy Hate List

Reuters

ROME — Diego Maradona, star of Argentina's national soccer team and of the Italian club Napoli, has been voted the "most hated" man in Italy in 1990 in a poll conducted for the newspaper La Repubblica.

Maradona heads a list including President Saddam Hussein of Iraq, President George Bush and the pop singer Madonna.

Asked to name their least favorite people, 34 percent of the 1,023 people surveyed chose Maradona, while 25 percent picked Mr. Hussein.

"Italians agree — Maradona is a troublemaker, a hypocrite and a sower of discord," La Repubblica said.

BOOKS

MARTIN HEIDEGGER AND NATIONAL SOCIALISM:

Questions and Answers

Edited by Gunther Neske and Emil Kettering. Translated by Lisa Harries and Joachim Neugroschel. 319 pages. $22.95. Paragon House, 2 Hammarskjöld Plaza, New York, N.Y. 10017.

Reviewed by Michiko Kakutani

THE links between Martin Heidegger, one of this century's pre-eminent philosophers, and Nazism have been known since the end of the war, but it was the 1987 French publication of a book by a former student, Victor Farias, that brought the issue to the attention of the world at large.

The book "Heidegger et le Nazisme," which drew upon a wealth of documentary evidence, old and new, not only depicted Heidegger as a committed Nazi, but also emphasized the connections between his philosophy and his politics.

Farias argued that Heidegger attempted, as rector of Freiburg University, to use students to fulfill Nazi programs; and he argued, further, that the philosopher's decision to join the Nazi Party (he was a dues-paying member from 1933 to 1945) was not simply a case of career opportunism, but had deep roots in his social and cultural background, and in the themes of his most influential philosophical treatise, "Being and Time."

The debate has continued. The most recent book to take issue with Farias's assertions is "Martin Heidegger and National Socialism," a volume of essays, speeches and interviews, co-edited by Gunther Neske, Heidegger's longtime publisher in Germany, and the philosopher Emil Kettering.

The book, as the Yale University professor Karsten Harries observes in his introduction, "is very much a friendly collection, assembled in a hurry to help undo the damage done by Farias's widely publicized image of Heidegger as a committed Nazi." While it includes a damning memoir by Karl Lowith, it makes little pretense of objectivity.

For the general reader, the volume is chiefly of interest for several reasons. First, it raises important questions about the relationship between a philosopher's life and work. Also, the book provides the reader with a straightforward presentation of Heidegger's own defense and reveals the degree to which his followers have been eager to rationalize, minimalize or shrug off his political views and their connections to his overall theories.

Kettering and the philosopher Hans-Georg Gadamer both suggest that "Heidegger et le Nazisme" presents old material as though it were new, and that it uses that material to make dubious philosophical interpretations. And the co-editor of this volume, Neske, advances the familiar argument that Heidegger was not alone in his decision to embrace National Socialism.

As for Heidegger's own explanations, the editors of this volume have published several significant documents: his notorious 1933 Rectorial Address (in which he declares that "German students are on the march" and exhorts them to help fulfill the "spiritual mission of the German people"); a self-serving essay about the 1933 speech, written in 1945, shortly after the collapse of National Socialism; the much talked about Der Spiegel interview, published after his death in 1976 (in which Heidegger responds to some fairly deferential questions about his past), and a highly opaque television interview done in 1969.

As Farias's book made clear, Heidegger's statements tend to be riddled with omissions, distortions and self-indulgent assessments. He disingenuously portrays himself as a naïve pragmatist, who initially felt that "the positive possibilities" he saw in the National Socialism movement "had to be emphasized and affirmed."

While such remarks obviously do not mean that the body of Heidegger's work or his influence on other philosophers must now be completely discounted, the arrogance and duplicity they reveal should force readers to carefully reassess the moral validity of his writings, as well as their political implications.

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott

BOTH North-South pairs on the diagramed deal, reported by the veteran Alvin Roth from an IMP game, followed the route shown to seven clubs, an excellent contract. The opening diamond lead was ruffed, and South crossed to the club jacks and ruffed another diamond. Three more trump leads left this ending:

NORTH
♠AJ103
♡K7
♢J
♣—

WEST
♠Q9875
♡6
♢Q
♣—

EAST
♠62
♡J1098
♢A
♣—

SOUTH
♠K4
♡AQ53
♢—
♣6

South played spades, ruffing the third round in the hope that the queen would appear. It did not happen, the hearts did not break, and nobody had been squeezed in the red suits. If South had known that West began with a singleton heart, there would have been strong reason to believe that that player held spade length and therefore the queen. Unfortunately there is no way for South to test the heart distribution without sacrificing something. If he plays the king and ace of hearts in the diagramed position he removes the re-entry to the dummy. Roth suggests an alternative which would have succeeded. Since a squeeze involving the diamond jack is unlikely, South should throw that card at the sixth trick and save another heart in the dummy. Then the play of the ace and queen of hearts will uncover the heart distribution and give the required clue to the spade situation.

NORTH
♠AJ103
♡K72
♢J954
♣J8

WEST
♠Q9875
♡6
♢KQ872
♣103

EAST
♠62
♡J10984
♢A1063
♣84

SOUTH (D)
♠K4
♡AQ53
♢—
♣AKQ7652

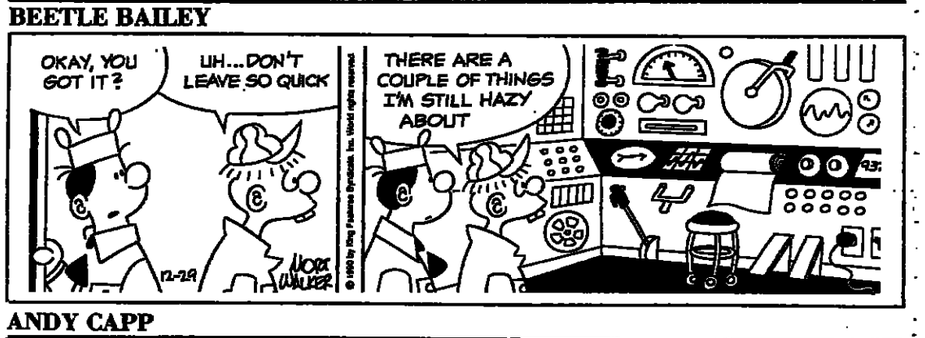
Both sides were vulnerable. The bidding:

South	West	North	East
2♣	Pass	2♠	Pass
3♣	Pass	3 N.T.	Pass
4♡	Pass	6♣	Pass
7♠	Pass	Pass	Pass

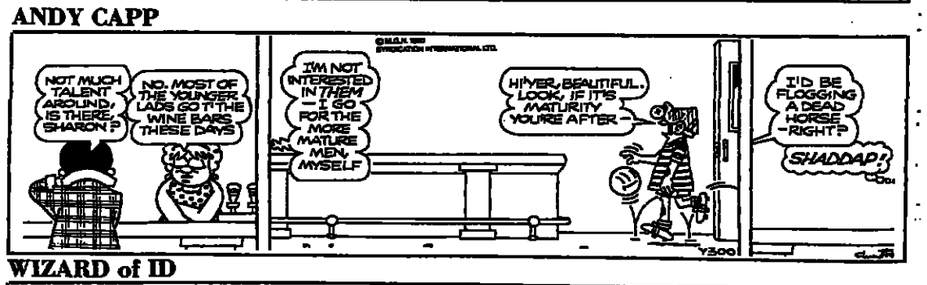
West led the club three.

PEANUTS

BEETLE BAILEY



ANDY CAPP



WIZARD of ID

REX MORGAN

GARFIELD

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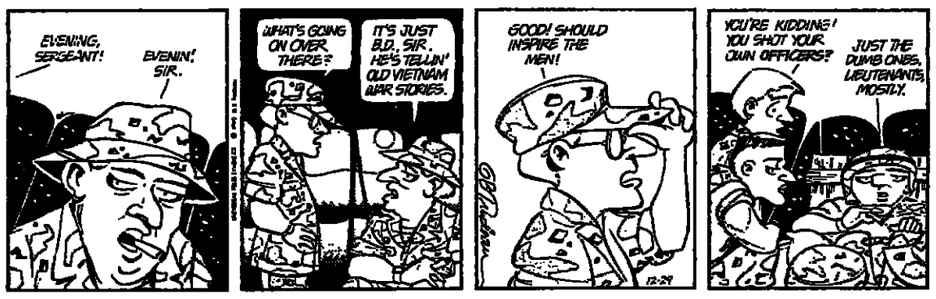

DENNIS THE MENACE

JUMBLE. THAT SCRAMBLED WORD GAME! by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

SHOIT
LANUN
WELLOY
THOTEG

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: TO _____ _____ (Answers Monday)

Yesterday's Jumbles: CARGO WHEEL BYWORD HAZARD
Answer: How the miser accumulated all that money— THE "HOARD" WAY

BLONDIE

GARFIELD

صكنا من الاصل

هكذا من الاصل

SPORTS

Battle of the 1990 College Bowls: A Grab-Bag Champion Is Likely

Miami: Shooting for 4th Title in 8 Years

By Robert Lohrer
Washington Post Service

CORAL GABLES, Florida — The University of Miami, long the beneficiary of college football's you-pick-a-champ national title vote, experienced a strange reversal of fortune this season. After a midseason loss to Notre Dame, the Hurricanes regrouped. They played better, they lobbied louder. And in the polls, they fell faster.

"We won consistently and convincingly the last five games and we were still slipping in the polls," said defensive tackle Russell Maryland, the Outland Trophy winner as the nation's top interior lineman. "It's shocking when you lose ground like that."

Yet in the season destined to produce a grab-bag champion, perhaps even a champion with two losses, Maryland & Co. haven't relinquished the thought that, with a convincing victory over No. 3 Texas in the Cotton Bowl, No. 4 Miami could claim its fourth national championship in eight years.

Recall that it was voters — the 60 members of the sports media for The Associated Press — who lifted the Hurricanes from No. 5 to No. 1 on the final ballot after the 1983 season, after they beat Nebraska in the Orange Bowl. At the end of the 1989 season, Miami was voted No. 1 after beating Alabama in the Sugar Bowl, but only two weeks before the Hurricanes had been ranked No. 7.

After such equitable treatment, however, Miami suddenly felt obliged to campaign this season.

When Penn State upset top-ranked Notre Dame on Nov. 24, Sam Jankovich, then the Miami athletic director, said his team deserved to be No. 1 because its losses to Notre Dame (Oct. 20) and Brigham Young (Sept. 8) were on the road against top 10 teams. Miami, Jankovich reasoned, was playing the best football in the country, and it could beat any team on a neutral field.

"Lou Holtz said all along this wasn't one of his better teams," said Jankovich, who slowed the lobbying effort shortly before he signed on with the National Football League's New England Patriots.

Still, Miami hopes to make its case on Jan. 1. The Miami Herald polled the 60 AP voters and found that Miami could emerge as No. 1 if top-ranked Colorado loses to No. 5 Notre Dame in the Orange Bowl, if No. 2 Georgia Tech loses to No. 19 Nebraska in the Citrus Bowl, and if Miami beats No. 3 Texas.

Twenty-six voters said the Hurricanes would be No. 1. Sixteen picked Notre Dame, 10 were undecided, 7 selected Penn State and 1 chose Florida State. If all those things happened, however, Notre Dame, which climbed back to No. 5 in the last poll, might sneak past the Hurricanes depending on victory margins in the bowls.

Again, there is rumbling from the Hurricanes.

"Obviously Notre Dame beat us early in the season," Maryland said. "But when you lose to a team like Stanford and a team like Penn State at the end of the season, which wasn't ranked as high as we were, you shouldn't get voted No. 1."

Yet he allowed, "It's not looking good for us."

Miami did most of its protesting after the loss to Notre Dame. In consecutive games against Texas Tech, Pitt, Boston College and Syracuse, Miami outscored its opponents 165-29.

The week after the then-No. 2 Hurricanes' 33-7 triumph over Syracuse on Nov. 24, they fell to No. 3 behind Georgia Tech despite Tech's not playing that week. In the AP vote, Miami had been leading Tech by 11 points, but wound up six points behind.

The next week, Miami beat unranked San Diego State, 30-28, but was so lackluster that now Texas moved ahead, leaving the Hurricanes in their present No. 4 position.

"There's nothing you can do about it," Maryland said. "A lot of things are going to have to happen, but the only thing we can worry about is beating Texas in the Cotton Bowl."

Bill Waugh/The Associated Press
Quarterback Rob Perez celebrating a second-quarter touchdown.

Notre Dame: Luck Of the Irish Means 'Another Chance'

By Bill Bilinski
Washington Post Service

SOUTH BEND, Indiana — The winning coach at last year's Orange Bowl had few game-related remarks afterward, but he did make one lengthy campaign speech.

No sooner had Notre Dame ended Colorado's dream season with a 21-6 victory, than Lou Holtz extolled the numerous virtues of his 12-1 football team.

Given the success of his approach — Notre Dame's rival, Miami, was voted No. 1 and the Irish finished No. 2 — he decided on a different tack this season.

"I'm not going to campaign, politic," Holtz said after the Irish had finished a 9-2 season with a 10-6 victory at Southern Cal. "We didn't last year. That's not our nature."

Still, the urge to give his fifth-ranked team a little push, subtle though it wasn't, got the best of him.

"We played six teams in the final top 25 poll," he said. "We went 5-1 against it. Colorado went 4-1-1 against it. I don't believe anyone else played more than five and the best anyone did was 3-2. I really don't know. All I know is we played a very difficult schedule, but we just have to let people vote."

Notre Dame's case for No. 1, should it beat a top-ranked Colorado team again in the Orange Bowl on Jan. 1, is in the schedule.

Only Colorado, with its 4-1-1 record against top 25 teams, can come close to rivaling the Irish in degree of interest or difficulty. The Buffaloes tied Tennessee, a team Notre Dame beat on the road, and lost to Illinois.

Notre Dame defeated No. 22 Michigan State, No. 21 USC, No. 12 Michigan and No. 4 Miami. In infuriating days at home, the Irish lost to Stanford and to No. 7 Penn State by a total of eight points.

In the two losses, Raghib (Rocket) Ismail, the Heisman Trophy runner-up, was on the field for only a half because of injuries.

Three fumbled punts and a sidelined Ismail led to the Stanford loss. A fourth-quarter interception and a sidelined Ismail were instrumental in the loss to Penn State.

Beside the schedules of Notre Dame and Colorado, those of the other top five teams were decidedly minor league.

No. 2 Georgia Tech? It nudged Virginia, which has since plummeted out of the rankings. It did win its only game against a currently ranked team, giving No. 14 Clemson one of its two losses.

No. 3 Texas? It lost to Colorado and beat Penn State and Houston.

No. 4 Miami? It beat Iowa and Florida State and lost to Brigham Young and Notre Dame.

Still, the reality of the situation is not lost on the Irish.

"We had our chance," offensive guard Mirko Jurkovic said. "We're just lucky to have another chance."

If the Irish make the climb to No. 1, it will be their third time at the top this season. And it wouldn't be an unprecedented jump.

In 1977, when it won the national title, Notre Dame was ranked fifth before beating Texas in the Cotton Bowl — although Alabama and Arkansas, then coached by Holtz, also had cases for being selected No. 1 after impressive bowl victories.

Miami's No. 1 finish last season could work in Notre Dame's favor this year. With 12 victories, no one had a better record than the Irish and they had beaten the Big Eight champion, the Big Ten champion, the Pac-10 champion and the East's best. Still, they finished second because the Hurricanes gave the Irish their only loss, 27-10.

So, with the same 9-2 record as Miami going into this season's bowl games, the Irish have reason to believe they're really No. 4 in the country. If it comes down to a vote between Miami and Notre Dame on Jan. 2, logic dictates the Irish will win based on their 29-20 victory over the Hurricanes on Oct. 20.

This series of articles examines the teams — Georgia Tech, Colorado, Notre Dame, Texas and Miami — with the best chances of winning U.S. college football's national championship.

Texas: The Longhorns' Subjective Case

By David Maraniss
Washington Post Service

AUSTIN, Texas — For the University of Texas football team, now approaching the Cotton Bowl game against Miami as an unexpected contender for the national championship, a transformation began last spring, at a student protest march held in response to racist incidents involving fraternities.

Among the leaders of the protest were several black football players who believed that standing up to racism was more important that day than blocking and tackling at spring drills. What could have been a divisive moment for players and coaches turned instead into a unifying force when the entire team chose to cancel practice.

Dozens of players, black and white, stars and benchwarmers, marched together in protest.

"That wouldn't have happened in earlier years when we were kind of divided black and white," said Duane Miller, a white senior offensive lineman. "But a lot of us decided that if our black teammates felt so strongly about it, we were going to be there with them."

"That solidified the feeling we were developing as a real team," said Oscar Giles, a black defensive end. "It made our inner circle stronger."

Since selecting the national champion is a subjective process, the final decision made by ballot rather than on the field, perhaps the best case to be made for any contender should be openly subjective as well. In presenting the case for 10-1 Texas as No. 1, the first point to be made is that these Longhorns appear to be a team in the true sense of the word.

There are inside-football-type arguments to make on the Longhorns' behalf. They played five top-20 teams. They beat Penn State on the road, came from behind to defeat their fiercest rivals, Oklahoma and Texas A&M, and dominated Houston. Their only loss was to Colorado, 29-22.

But the subjective case says the Longhorns deserve national recognition because they have the follwing:

● The best cult talk show.

Lynn Amadee, the offensive coordinator, is that rare football creature who seems less interested in uttering clichés and platitudes than in having a good ol' Texas party. The Monday night talk show is held at the Lakeview Cafe in Austin. The beer flows freely, as does Amadee's mouth. He jokes about his bosses and his players.

● The most loyal coach.

After a humiliating 50-7 loss to Baylor last year and the first consecutive losing seasons at Texas in a half-century, David McWilliams was under enormous pressure. Many fans wanted his head and most thought he should at least fire his assistants. But McWilliams, who absorbs blame himself and redirects praise to others, refused to fire anyone.

● The most committed seniors.

After the Baylor loss, the 27 players who were going to be seniors this year met and decided they had to become leaders. They organized exercise regimens for 6 A.M. every day between seasons. They developed a team motto, "WIT: Whatever It Takes." They called their schedule the "Shock the Nation Tour." By winning 10 of 11 games, they shocked not only the nation, but themselves and their fans.

● The most unusual quarterback.

David Gardere, a sophomore from Houston, is not headed for the National Football League. On a team loaded with talent, from offensive lineman Stan Thomas to defensive back Stanley (The Sheriff) Richard to thundering freshman tailback Butch Hadnot, Gardere is overshadowed. He usually goes zero-for-the-first-quarter, sometimes for the half. But at some point in every game, he springs to life, completing pass after pass and running for a touchdown or two himself.

Ohio State Is Stifled By Air Force, 23-11

The Associated Press

MEMPHIS, Tennessee — The Ohio State coach, John Cooper, had sent up the warning signals earlier in the week, but the lesson was not taken to heart until the No. 24 Buckeyes walked off the Liberty Bowl field 23-11 losers to Air Force.

The Falcons (7-5) held the Buckeyes and 1,000-yard rusher Robert Smith in check Thursday night and controlled the game tempo with a ground-hugging wishbone offense that gained 254 yards on 61 rushes.

Despite going into the game 17-point underdogs, the Falcons looked the part of a victim only for a few fleeting minutes in the first quarter when they gave up a safety and a field goal to fall behind 5-0.

Cooper said he was prepared to meet a strong challenge from the Falcons, but his Buckeyes (7-4-1) were not able to overcome a sputtering offense that was limited to 80 yards rushing and 134 yards through the air.

Smith, who broke the freshman rushing record set at Ohio State by Archie Griffin with 1,064 yards during the season, said the Buckeyes were just not the better team Thursday night.

Smith gained 62 yards on 13 carries, including a 29-yard scoring run in the fourth quarter that cut the Falcons' lead to 13-11.

Quarterback Rob Perez, the Liberty Bowl MVP, scored on a pair of one-yard runs and cornerback Carlton McDonald returned his second pass interception of the evening 40 yards for a touchdown late in the fourth quarter.

Erratic Saints Cling to Wild-Card Hopes

By Thomas George
New York Times Service

NEW YORK — Only one spot remains in the National Football Conference playoffs and the Dallas Cowboys or the New Orleans Saints will get it.

Dallas gains the berth if it wins at Atlanta on Sunday; it still gains the berth if it loses and if New Orleans loses at home to the Los Angeles Rams on Monday night. New Orleans achieves the spot only if it wins and Dallas loses.

Thus, the Saints must sweat through the Dallas-Atlanta game on Sunday before knowing if their matchup with the Rams provides any playoff hope.

Of the six teams fighting for the final playoff spots — Pittsburgh, Cincinnati, Houston and Seattle in the American Football Conference and Dallas and New Orleans in the NFC — only the Saints are in this unusual boat.

Both Dallas and New Orleans have 7-8 records.

Who would be surprised if both the Cowboys and the Saints lose, allowing Dallas to enter the playoffs with a 7-9 record?

Maybe that would be a fitting finale for New Orleans, which has found little consistency this season. Recall, however, that New Orleans was 12-3 in 1987, but that record was only good enough for a wild-card berth. The Saints that season were thrashed in the playoffs at home by Minnesota, 44-10.

Maybe this is the season where bad turns to good for New Orleans, which hopes to enter the playoffs and use its wacky, circuitous season as a springboard.

How up-and-down have the Saints been? New Orleans has won at San Francisco but has lost at Detroit. Its defense forced only one punt two weeks ago in a 31-17 loss at Washington, but in the last four weeks it allowed only seven points to Atlanta, 17 to Dallas, 20 to the Rams, nine to Pittsburgh and 10 to San Francisco and still lost to Dallas and Pittsburgh.

NFL PREVIEW

NATIONAL CONFERENCE

Philadelphia (9-6) at Phoenix (5-10) — A victory by the Eagles on Saturday assures them of being host for a wild-card game against Washington. Philadelphia by 7½.

Dallas (7-8) at Atlanta (4-11) — The Cowboys hope Babe Laufenberg hands the ball to Emmitt Smith enough for them to run their way into the playoffs, but Atlanta ranks third in the league in rushing defense, allowing 87 yards a game. Atlanta by 2½.

San Francisco (13-2) at Minnesota (6-9) — Joe Montana starts and plays the first half unless his stomach muscle injury flares. San Francisco by 3.

AMERICAN CONFERENCE

Cleveland (3-12) at Cincinnati (8-7) — The Bengals win the Central Division if they win and Houston beats Pittsburgh. Cincinnati winds up with a wild-card spot if it wins, Pittsburgh wins and Seattle loses to Detroit. Cincinnati by 15.

Pittsburgh (9-6) at Houston (8-7) — This will be a showdown for the Central Division title if Cincinnati loses. Pittsburgh wins the division with a victory. It earns a wild-card berth if it loses, Cincinnati loses and Seattle loses. Houston wins the division if it wins and Cincinnati loses. Houston gains a wild-card berth if it wins and Cincinnati wins. Pittsburgh by 1½.

Indianapolis (7-8) at Miami (11-4) — Troy Stradford (torn hamstring) is lost for the season for Miami, which will be host for a first-round playoff game against a wild-card team if it wins, and could do so even it it loses. Miami by 7.

San Diego (6-9) at Los Angeles Raiders (11-4) — The Raiders will know before kickoff if a victory is needed to clinch the West title. Raiders by 9.

INTERCONFERENCE

Kansas City (10-5) at Chicago (11-4) — The Chiefs hope to win Saturday and then watch the Raiders lose Sunday; in that case, Kansas City wins the AFC West, a first-week bye and a home playoff game. Barry Word is 58 rushing yards shy of 1,000. Chicago is 7-0 at home this season. Kansas City by 1.

New York Giants (12-3) at New England (1-14) — The Giants fine-tune for the playoffs with more game time for quarterback Jeff Hostetler. Giants by 13½.

Buffalo (13-2) at Washington (9-6) — A Washington victory and a Philadelphia loss gives the Redskins home-field advantage in their wild-card playoff matchup with Philadelphia. Washington by 5.

Detroit (6-9) at Seattle (8-7) — Chuck Knox ditched the run-and-shoot offense after Seattle opened 0-3. Now he sees Detroit's version, which paved the way in its last three games for 31 points against the Raiders, 38 against Chicago and 24 against Green Bay. Seattle earns a wild-card berth if it wins and Cincinnati loses. Seattle by 3.

Green Bay (6-9) at Denver (4-11) — Lindy Infante, the Green Bay coach, will choose between Blair Kiel and Anthony Dilweg for his starting quarterback. Dan Reeves, his counterpart, continues to look at personnel changes for 1991. Denver by 7½.

New York Jets (5-10) at Tampa Bay (6-9) — "What does it mean?" asked Bruce Coslet, the Jets' coach, after his team beat New England by 42-7 last Sunday. It means the Jets are not nearly as down as the Patriots but are still way down. Tampa Bay by 3½.

Kathy Willens/The Associated Press

The New Bowl on the Block Is a Blockbuster

All-America wide receiver Lawrence Dawsey of No. 6 Florida State was all smiles while stretching with teammate Kevin Knox during practice for their game Friday against seventh-ranked Penn State in the inaugural Blockbuster Bowl in Miami.

The Bowl Games

THURSDAY
Liberty Bowl, Memphis, Tennessee
Air Force 23, Ohio State 11

FRIDAY
All American Bowl, Birmingham, Alabama
North Carolina State (6-5) vs. Southern Mississippi (8-3)
Blockbuster Bowl, Miami
Penn State (9-2) vs. Florida State (9-2)

SATURDAY
Peach Bowl, Atlanta
Indiana (6-4-1) vs. Auburn (7-3-1)
Freedom Bowl, Anaheim, California
Oregon (8-3) vs. Colorado State (8-4)
Holiday Bowl, San Diego
Brigham Young (10-2) vs. Texas A&M (8-3-1)

MONDAY
John Hancock Bowl, El Paso, Texas
Southern Cal (8-3-1) vs. Michigan State (7-3-1)
Copper Bowl, Tucson, Arizona
California (6-4-1) vs. Wyoming (9-3)

TUESDAY
Gator Bowl, Jacksonville, Florida
Michigan (8-3) vs. Mississippi (9-2)
Hall of Fame Bowl, Tampa, Florida
Clemson (9-2) vs. Illinois (8-3)
Citrus Bowl, Orlando, Florida
Georgia Tech (10-0-1) vs. Nebraska (9-2)
Cotton Bowl, Dallas
Texas (10-1) vs. Miami, Florida (9-2)
Fiesta Bowl, Tempe, Arizona
Louisville (9-1-1) vs. Alabama (7-4)
Rose Bowl, Pasadena, California
Washington (9-2) vs. Iowa (8-3)
Orange Bowl, Miami
Colorado (10-1-1) vs. Notre Dame (9-2)
Sugar Bowl, New Orleans
Virginia (8-3) vs. Tennessee (8-2-2)

SCOREBOARD

BASKETBALL

NBA Standings

	W	L	Pct	GB
EASTERN CONFERENCE				
Atlantic Division				
Boston	23	4	.852	—
Philadelphia	19	8	.704	4
New York	12	14	.462	10½
New Jersey	10	16	.385	12½
Washington	10	17	.370	13
Miami	7	20	.259	16
Central Division				
Milwaukee	19	8	.704	—
Chicago	19	9	.679	½
Detroit	17	11	.607	2½
Atlanta	13	13	.500	5½
Cleveland	11	17	.393	8½
Indiana	10	18	.357	9½
Charlotte	8	18	.308	10½
WESTERN CONFERENCE				
Midwest Division				
San Antonio	18	6	.750	—
Utah	18	10	.643	2
Houston	15	12	.556	4½
Dallas	9	14	.360	9½
Minnesota	7	18	.280	11½
Denver	6	21	.222	13½
Orlando	6	22	.214	14
Pacific Division				
Portland	26	3	.897	—
L.A. Lakers	16	9	.640	8
Phoenix	16	9	.640	8
Golden State	15	12	.556	10
Seattle	12	13	.480	12
L.A. Clippers	11	16	.407	14
Sacramento	6	19	.240	18

THURSDAY'S RESULTS

Portland	28	23	28	24—103
Charlotte	28	24	26	26— 96

Drexler 8-21 9-9 25, Porter 7-11 7-7 22; Newman 9-16 9-11 27, Chapman 8-18 5-5 22. Rebounds: Portland 55 (Williams 17), Charlotte 51 (Gilliam 11). Assists: Portland 24 (Porter 12), Charlotte 23 (Gill 8).

Seattle	32	29	25	22—125
Washington	28	27	33	28—116

Johnson 7-13 7-7 22, Kemp 7-12 6-12 20; King 12-26 5-7 29, English 6-11 5-6 17. Rebounds: Seattle 59 (Kemp 12), Washington 47 (Grant 10). Assists: Seattle 28 (Payton 11), Washington 21 (King, Workman 6).

Golden State	25	25	25	28—113
Chicago	28	24	41	23—128

Hardaway 11-19 5-9 29, Higgins 9-15 1-1 21; Jordan 17-25 7-7 42, Pippen 14-21 5-7 34. Rebounds: Golden State 53 (Higgins 9), Chicago 52 (Jordan 14). Assists: Golden State 22 (Hardaway 8), Chicago 37 (Pippen 10).

Dallas	25	22	34	21—102
Utah	27	29	21	23—118

Harper 12-20 4-6 32, Blackman 8-19 4-6 21; K.Malone 12-16 11-15 35, J.Malone 9-16 1-1 19. Rebounds: Dallas 41 (McCray 9), Utah 47 (K.Malone, Bailey 11). Assists: Dallas 28 (Harper 11), Utah 33 (Stockton 16).

Miami	27	34	24	39—124
Denver	29	32	27	26—114

Douglas 14-24 12-17 42, Burton 10-17 7-9 27; Adams 7-21 6-7 23, Jackson 9-25 3-3 21. Rebounds: Miami 76 (Thompson 12), Denver 51 (Cook, Rasmussen, Walt, Mills 7). Assists: Miami 21 (Douglas 8), Denver 25 (Adams 11).

Major College Scores

George Washington 81, Duquesne 76, OT
Rider 87, Mount St. Mary's, Md. 82, OT
Robert Morris 84, Niagara 79
Seton Hall 103, N. Carolina A&T 77
Kentucky 74, E. Kentucky 60
Dayton 104, Texas Southern 83
N. Illinois 94, Chicago St. 60
S. Utah 89, NE Illinois 68
Houston 96, Ill.-Chicago 63
Jackson St. 69, Ark.-Little Rock 66
Loyola Marymount 91, Pacific U. 90
Nevada 68, San Jose St. 64
New Orleans 98, U.S. International 58
Oregon St. 101, W. Michigan 76
San Diego St. 84, Baylor 70
UCLA 110, Fresno St. 89

TOURNAMENTS
ECAC Holiday Festival
Maryland 84, Rutgers 81
South Carolina 52, Brigham Young 49
Fiesta Bowl Classic
Arizona 86, Pepperdine 66
Iowa St. 81, Temple 79, OT
Hoosier Classic
Indiana 91, Marshall 67
Ohio U. 77, North Texas 74
Palm Beach Classic
Miami, Ohio 101, Miami, Fla. 99, 2OT
Ohio St. 82, Mississippi St. 80
Rainbow Classic
Wichita St. 77, Tennessee 73
Hawaii 76, Iona 75
Sugar Bowl Classic
Georgia Tech 93, Tulane 83
Villanova 88, Auburn 71
EXHIBITION
St. John's 88, High Five America 70

HOCKEY

NHL Standings

	W	L	T	Pts	GF	GA
WALES CONFERENCE						
Patrick Division						
N.Y. Rangers	20	13	6	46	147	121
Philadelphia	20	17	5	45	141	135
New Jersey	19	13	7	45	150	127
Pittsburgh	19	17	3	41	164	145
Washington	18	20	1	37	127	126
N.Y. Islanders	13	18	5	31	101	124
Adams Division						
Boston	20	11	7	47	132	120
Montreal	18	16	5	41	126	124
Hartford	16	18	4	36	136	123
Buffalo	12	16	8	32	116	127
Quebec	8	24	7	23	106	172
CAMPBELL CONFERENCE						
Norris Division						
Chicago	25	12	3	53	134	106
St. Louis	21	10	6	48	134	105
Detroit	19	15	4	42	138	130
Minnesota	11	22	6	28	125	134
Toronto	11	26	2	24	109	157
Smythe Division						
Calgary	20	14	4	44	151	123
Los Angeles	18	12	5	41	145	120
Vancouver	17	19	3	37	126	138
Edmonton	16	17	2	34	116	112
Winnipeg	11	22	7	29	129	150

THURSDAY'S RESULTS

St. Louis	1	1	1	3
Toronto	4	1	1	6

Hull (28), Sutter (16), Brind'Amour (4), Bozon (8); DeBlois (6), Fenton (9), D. Marois (11), Miller (2), Petit (6), Sheddan (6). Shots on goal: St. Louis (on Ing) 7-16-10—33, Toronto (on Joseph) 17-8-5—30.

N.Y. Islanders	0	1	0	1
New Jersey	1	0	0	1

Volek (15); MacLean (26). Shots on goal: N.Y. Islanders (on Terreri) 10-10-5-2—27, New Jersey (on Healy) 10-10-7-3—30.

Calgary	0	0	1	1
Edmonton	2	1	1	4

Nieuwendyk (21); Tikkanen (11), MacTavish (8), Anderson (8), Kilmo (12). Shots on goal: Calgary (on Rantard) 8-13-6—27, Edmonton (on Vernon) 7-7-9—23.

Philadelphia	3	3	1	7
Los Angeles	2	1	2	5

Kerr (7), Mellanby (11), Ricci 2 (12), Craven (10), Samuelsson (6), Tocchet (24); Tonelli (7), McIntyre (3), Taylor (11), Robitaille 2 (19). Shots on goal: Philadelphia (on Bernhoume, Hrudey) 15-11-12—38, Los Angeles (on Hextall) 16-9-15—40.

Montreal	2	4	1	7
Vancouver	0	1	4	5

Carson (8), Skrudland (10), McPhee (5), Cherske (8), Diduck (1), Desjardins (5), Richer (15); Odlick (5), Lidster (5), Kron (7), Lorlonev (6), Quinn (4). Shots on goal: Montreal (on McLean, Gamble) 13-10-10—33, Vancouver (on Berseron) 6-14-13—33.

CRICKET

Australia vs. England
Friday, in Melbourne, Australia
At close on Third Day, Second Test
England 1st Innings: 352 all out
Australia 1st Innings: 306 all out

TRANSACTIONS

BASEBALL
National League
N.Y. METS—Signed Kevin McReynolds, outfielder, to three-year contract extension through 1994.

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DAVE BARRY

Dear Diary: Here's 1990

JANUARY

1. The New Year begins on a hopeful note as freedom-loving Germans tear down the Berlin Wall.

2. Joyous freedom-loving Germans hastily rebuild the Berlin Wall after discovering that it contains a major sewer line.

4. In Panama, strongman Manuel Noriega is arrested on drug charges after a "sting" operation in which he was videotaped smoking crack cocaine in an apartment with 27,000 undercover U.S. troops.

FEBRUARY

6. Experts announce that cleaning up the savings-and-loan mess will require every man, woman and child in the United States to pay $100,000, plus a 15 percent gratuity.

MARCH

11. True Item: Vice President Dan Quayle, visiting Chile, buys an anatomically correct Indian statuette that, when you pull its head back, becomes very masculine.

16. Vice President Quayle is reported to be suffering from neck pains.

30. The U.S. Postal Service, which loses $4 million a day, announces that it must raise the price of a first-class stamp to 30 cents so it can pay for all those TV commercials telling you how efficient it is.

APRIL

1. The U.S. Census Bureau mails out 100 million census forms, 87 million of which are addressed to a single household in Albany, New York.

21. In New York City, junk-bond king Michael Milken pleads guilty to fraud and is ordered to pay a fine of $600 million, which he obtains by selling his watch.

MAY

3. The Soviet Politburo, in a major step toward developing a Western-style economy, accepts $135,000 from banker Charles Keating.

9. The "multiple personality" legal defense is ruled to be constitutional by the Supreme Court, in a 137-76 vote.

JUNE

19. True Item: The Air Force acknowledges that it paid Pratt & Whitney $999 apiece for special pliers that install clips on airplanes. A Pratt spokesperson says: "They're multipurpose — not only do they put the clips on, but they take them off."

25. A shocked President Bush reveals that he has discovered a large federal budget deficit, and taxes might have to be increased after all. Everyone is just stunned.

27. NASA begins to suspect that there might be a little problem with the $1.5 billion Hubble Space Telescope when it starts transmitting extreme close-up photographs of a sticker that says "REMOVE THIS STICKER BEFORE LAUNCHING TELESCOPE."

JULY

22. NASA, hoping to salvage the Hubble Space Telescope project, announces plans to launch Rex, the $1.1 billion Seeing-Eye Satellite.

AUGUST

2. Iraq invades Kuwait, setting off worldwide panic as thousands of oil-company executives pour into Ferrari dealerships.

8. A massive multinational buildup gets under way in the Gulf, with the United States providing troops, ships, planes, and huge quantities of supplies; Western Europe providing potato salad; and Japan chipping in with some real nice sun visors.

SEPTEMBER

29. True Item: The best-selling nonfiction book in the United States is "Millie's Book," which was "dictated" by the president's dog.

OCTOBER

3. After 45 bitter years of separation, East and West Germany unite to form a single nation, chastened by the past, hopeful for the future.

4. Germany invades Poland.

NOVEMBER

6. In midterm elections, the voters, clearly fed up with the incompetence, corruption and rampant hypocrisy of the incumbents, reelect them.

27. Britain forms an entirely new government in roughly the amount of time it takes the U.S. Congress to declare National Celery Month.

DECEMBER

1. The U.S. Commerce Department, denying claims by some economists that the nation has entered a recession, quietly sells its furniture.

31. Experts announce that cleaning up the savings-and-loan mess will require the obliteration of all life on the planet. So there is a silver lining after all. And you have yourself a Happy New Year.

Knight-Ridder Newspapers

Leon Redbone, Professional Anachronist

By Mike Zwerin
International Herald Tribune

PARIS — There's a lack of color in the color photograph of Leon Redbone on the jacket of his new album, "Sugar," and it's out of focus. This is not a production error and it's no manufactured showbiz image. Redbone goes through life in black and white and out of focus, and out of sync too.

He can tell you more about the entertainment business in the 1860s than the 1960s, the latter period being of "absolutely no importance" to him. With his preference for a perhaps flawed but more harmonious past, Redbone is reminiscent of the poet who said he would have preferred to live in "the 18th century with penicillin."

With his Frank Zappaesque goatee, a Panama hat that would be at home on Peter Lorre's head and his speaking voice on an edge between Al Jolson, Leon Russell and Groucho Marx, Redbone might be defined as a professional anachronist. He would not object to being called an entertainer or an archivist.

He exposes the sound of a more youthful, naïve and "caring" America through what one critic called the "dulcet tones of his parlor-room ambience." His cozy, reassuring, wry voice is backed by his own guitar, banjo or harmonica. The rest of the backup tends to be acoustic — a tuba or bass saxophone might fill out the bottom.

Evoking Bing Crosby, King Oliver, Emmett Miller, Jelly Roll Morton, Joe Venuti, Blind Lemon Jefferson, Enrico Caruso and the "clarinetist/contortionist" (!) Wilton Crawley, he deals with honky-tonk, Yuletide cheer, Hungarian Gypsy music, Dixieland jazz, Portuguese fado, Argentine tango, Delta blues, Yiddish klezmer and Italian opera.

Redbone's serious reservations about "progress" are reflected in his music, although he did not start to formulate them until he was already making it. Romanticism is the common link. "A romantic is often someone with a tormented soul," he said. "In the best music the feeling more than the words comes through. I look for a balance between sentiment and imagery in the music I listen to and the songs I perform."

According to his record company (Private Music) biography, his musical career began "somewhere between 35 and 110 years ago." Actually, it's a safe bet to say it began on Canadian stages in the late '60s. He insisted Private Music rewrite their bio to omit the fact that he lives in Pennsylvania, even though he does. One encyclopedia guesses he was born in Canada, which he refuses to deny or confirm. He is reluctant to "divulge information that might detract from what I do because people start to dwell on precisely the things I'm trying not to dwell on."

Christine Rose

"Nobody can figure out why I'm still around."

Rolling Stone's Dave Marsh calls him a "mysterious late '60s-early '70s folk scene fixture who numbers Bob Dylan among his admirers." There's evidence that he has made commercials for jeans, milk and British Rail and performed with Dr. John, Yusef Lateef, Little Brother Montgomery and Hank Williams Jr. Along with Tom Waits, Joe Strummer and others, he had a cameo role in the Robert Frank/Rudy Wurlitzer film "Candy Mountain."

Shot in Canada, the film is, he believes, one reason why people think he was born there: "Once you've been someplace you are *from* there — depends on how you look at it. History is continually being rewritten. Probably just as well, because history's been all wrong to begin with."

If you want to call Redbone old-fashioned or sentimental just because he sings songs like "Frosty the Snowman," "The Whistling Colonel," "When I Take My Sugar to Tea," "Champagne Charley" and "Ghost of the St. Louis Blues," that's your problem.

It's not that he's self-righteous or opinionated, but basically he'll only admit the possibility that his opinions are a subjective matter of taste in order to avoid argument. Objectively, he knows he's right: "In a nutshell, history and common sense are on my side. They are not on the side of experimental music or experimental anything. But being an open-minded individual" — raised eyebrows reinforce the ironic inflection — "I'm trying to come to terms with my dictatorial nature."

Abstract art might be fine to fill up wall space, but you might as well hang up a poster as far as he's concerned. If he were cynical, he'd say rock 'n' roll was just noise but "fortunately I'm not cynical." Although he can appreciate Charlie Parker, he objects to bebop as "perverse and reactionary" because the musicians "distort beautiful melodies."

We are overwhelmed by exploding choice and imploding time-frames. A sociologist recently predicted that "soon we'll be nostalgic for breakfast." In the 1970s we had funk, now we have post-funk. French newspapers now also publish electronic Minitel editions. John Cage put all of this in a nutshell of his own when he said that once there was the Mona Lisa and now we also have the Mona Lisa with a moustache.

Redbone shrugs hopelessly: "Teenagers do their homework, eat dinner, watch television and practice guitar at the same time. This does not mean they are actually absorbing any of it. It's self-indulgent acrobatics designed to avoid reflection and nothing of great value is likely to come out of it. It's a new sort of slavery, education has become a manacle more than a road to freedom. Children are 'free' to learn about computers, but it's drummed into them that if they don't they won't be able to compete in the marketplace. So they become slaves to their own education."

It's surprising to hear such an elusive recluse tell an interviewer: "Ask me anything. I have an opinion about everything." He discusses the Gulf crisis, the role of chemical companies in the decline of the family farm, the plight of African-Americans and the origins of country and western music ("actually, it's Mexican"), finally coming to Al Jolson, "that fake minstrel."

Researching a book about the minstrel era, from its birth in the 1840s through its demise during the Depression, Redbone is tracking down the dwindling numbers of surviving minstrel performers, who "lived a pretty rough life and could be in old folks homes somewhere without anybody knowing who they are."

Here's something he can sink his teeth into: "Nobody can figure out why I'm still around. For years they've been thinking 'when is this guy going to go away?' Record companies have absolutely no idea what I do, those rock 'n' rollers who work there have nothing in common with me. Many of them probably find me objectionable — the things I don't mind talking about. They would have loved for me to go away. The fact that I'm still here and more or less viable puts me into another category, although nobody seems to be able to say just exactly what that is. And neither can I."

PEOPLE

'Godfather Part III' Tops Golden Globe List

Francis Ford Coppola's "The Godfather Part III" has received seven Golden Globe nominations, leading the competition. Among the other 32 movies receiving nominations were Kevin Costner's "Dances With Wolves" (six categories), Martin Scorsese's "GoodFellas," (five categories) and such mass-appeal hits as "Dick Tracy," "Ghost" and "Pretty Woman." The Golden Globes are regarded by some in the entertainment industry as presaging the Oscar nominations, disclosed Feb. 13.

□

The Fashion Foundation of America once again has outdone itself in its annual best-dressed list. Saudi Arabia's King Fahd, who wears traditional Arab robes, made the list, as did Lieutenant General H. Norman Schwarzkopf, U.S. commander in the Gulf, who sports camouflage uniforms. The list also included Secretary of State James Baker, and various politicians, actors, television performers and businessmen.

□

A proposed family history center at Ellis Island will be named for Bob Hope, 87, who came to the United States at age 4 as an immigrant from Britain. The island, in New York harbor, was the reception center for 17 million immigrants. Said Hope, when told of the honor: "Sounds great, but does this make me a national monument?"

□

Marla Maples is being coy about what Donald Trump gave her for Christmas. Her comments: "It's a beautiful, very beautiful. I better not talk about it, though. Well, it is a piece of jewelry. It's very elegant and very beautiful and, ooh, I better not say any more." Trump has been seen around New York recently in the company of a model, Rowanne Brewer. Maples was the "other woman" in the recent breakup of Trump's marriage.

□

Ron Silver has left the cast of "La Bête: A Comedy of Manners," the new David Hirson play now showing in Boston on its way to New York. Tom McGowan, Silver's understudy, has replaced him. The play, which has cost $2 million to produce, is said to be the most expensive drama in the history of Broadway.

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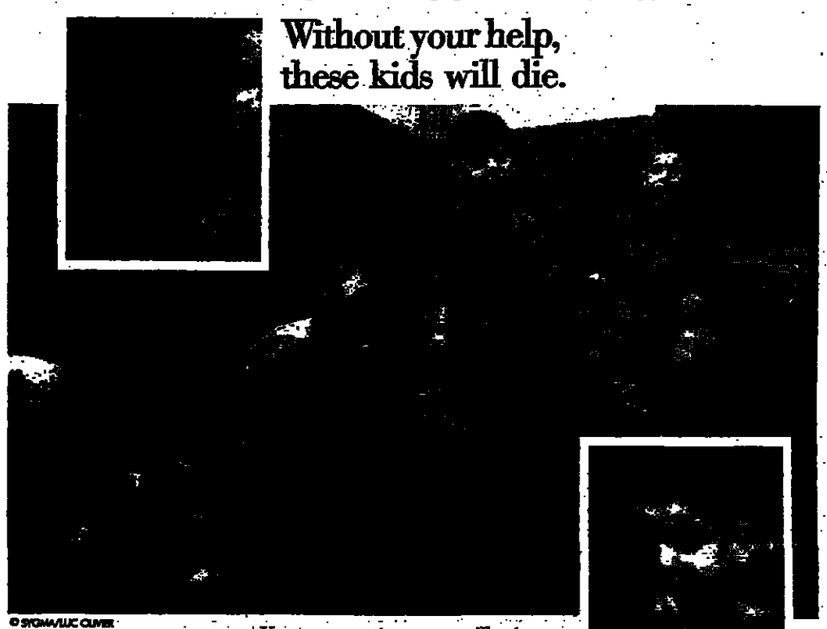

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Yes, concentration camps still exist in today's Europe. In Romania, they are a legacy of the Ceaucescu regime which relegated handicapped and unwanted children to "camin spitals" — alleged orphanages where they were left to die with no heat, no medical care, almost no food and often no clothing. Today, a year after Ceaucescu, their condition has scarcely improved and an estimated 100,000 children still barely survive in conditions of unbelievable misery and squalor.

Please help!

Send your contribution, in any currency, to "Romania Children" 20, rue de Baume, 75008 Paris, FRANCE.

Imprimé par Offprint, 73 rue de l'Evangile, 75018 Paris.

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